U.S. News & World Report

DECEMBER 9, 1955 20 CENTS

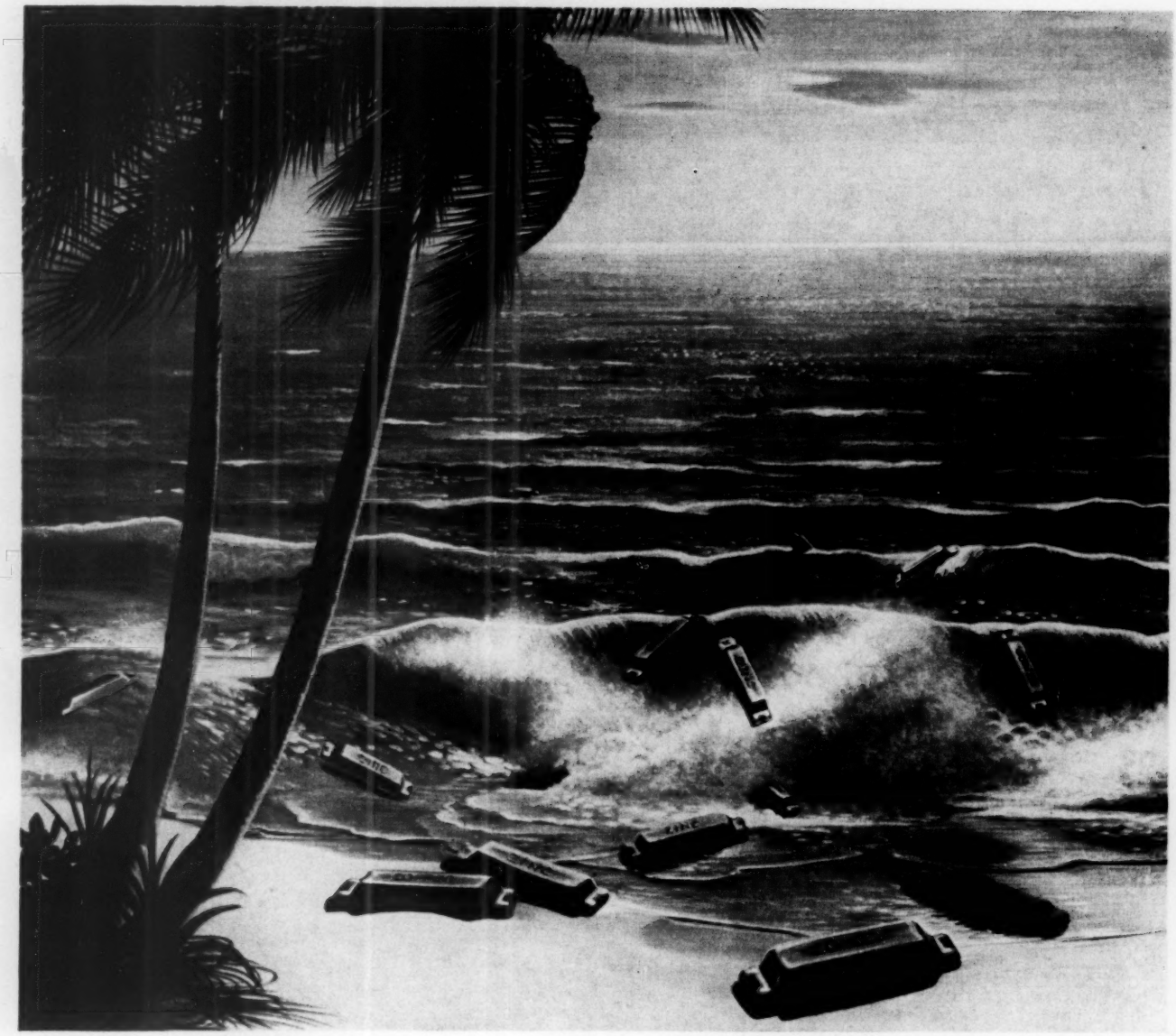
SPENDING TO BREAK ALL RECORDS IN '56

"We Must Avoid the FIRST BLOW"

EXCLUSIVE INTERVIEW

with

Gen. Curtis E. LeMay,
Chief of U.S. Strategic Air Command



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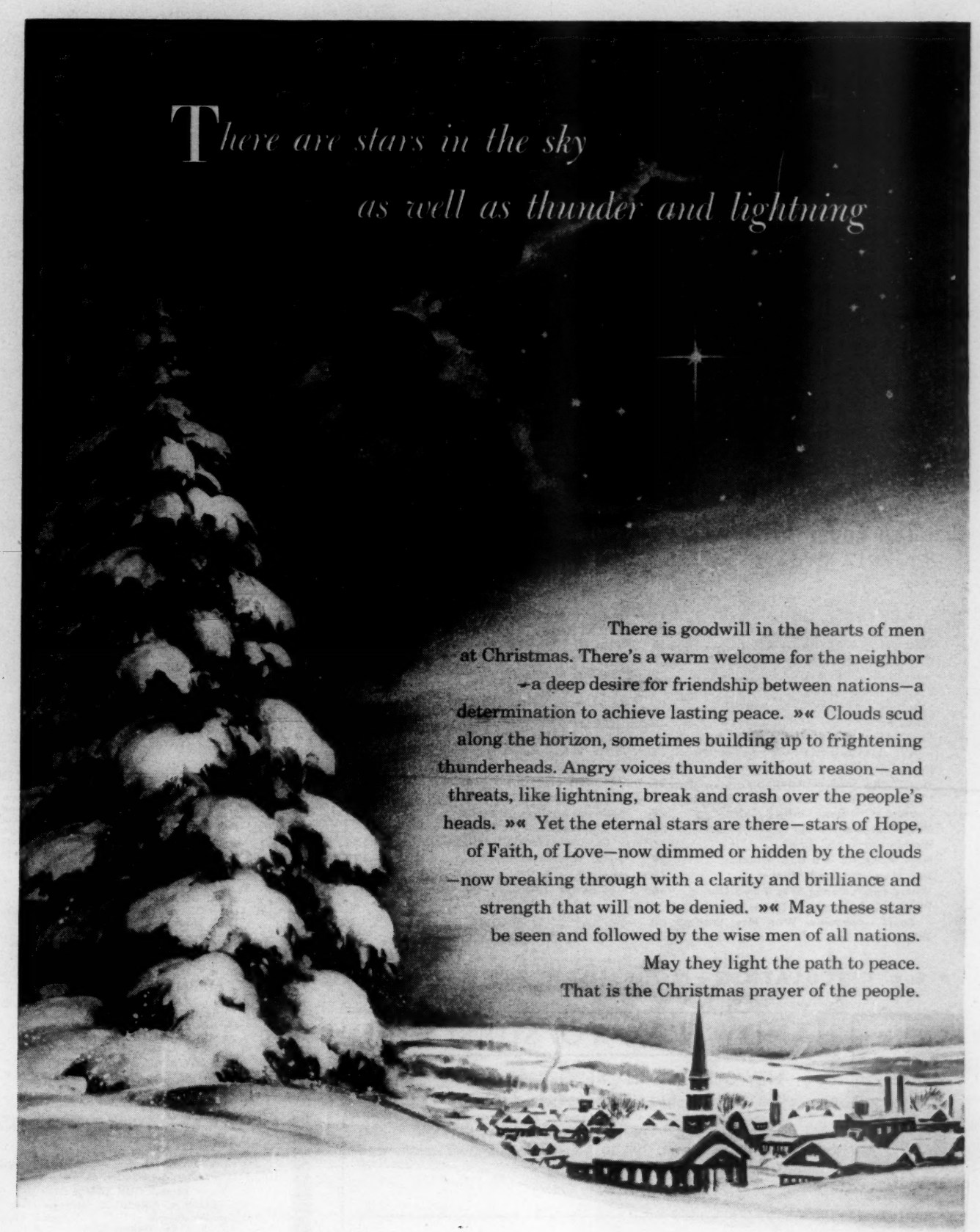
There are stars in the sky
as well as thunder and lightning
There is goodwill in the hearts of men at Christmas. There's a warm welcome for the neighbor —a deep desire for friendship between nations—a determination to achieve lasting peace. »« Clouds scud along the horizon, sometimes building up to frightening thunderheads. Angry voices thunder without reason—and threats, like lightning, break and crash over the people's heads. »« Yet the eternal stars are there—stars of Hope, of Faith, of Love—now dimmed or hidden by the clouds —now breaking through with a clarity and brilliance and strength that will not be denied. »« May these stars be seen and followed by the wise men of all nations. May they light the path to peace. That is the Christmas prayer of the people.

CHRISTMAS 1955 • BANKERS TRUST COMPANY, NEW YORK

Once more we reprint this now familiar prayer of ours, exactly as it was written eight years ago.

IN THIS ISSUE:

★ What Goes On in Russia's Prison Camps

Here is a firsthand account of what happens when a woman is arrested behind the Iron Curtain, sentenced to death, forced to serve years at hard labor in a Soviet prison camp. An interview with Mrs. Erica Wallach starts on page 68.

★ Your Teeth and the Fluoridation Fight

For the story of a growing medical argument over the real effects of fluoridating a community's water supply, see page 30.

★ How the Second-Term Decision Will Be Made

An intimate look at the President as he decides what to do in '56, page 22. Also: Republican Chairman Hall's views, page 26.

★ The Cover Articles: Spending to Break All Records in '56, page 17. "We Must Avoid the First Blow," page 38.

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COVER: Gen. Curtis E. LeMay, SAC Chief. See page 38. (Color Photo from Dept. of Defense)

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THE UNITED STATES NEWS

WORLD REPORT

U. S. WEEKLY
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The March of the News

'56 CAMPAIGN BY TV?

WHILE THE NATION WONDERED whether President Eisenhower would run for a second term, Republican Party chieftains hopefully made plans for him to do so.

Last week, National Chairman Leonard W. Hall unfolded his pattern for a "custom built" 1956 campaign—one that would not tax the President too heavily.

Under that plan, extensive use of television would replace the "whistle stop" type of campaign that took Mr. Eisenhower 50,000 strenuous miles in 1952. Mr. Hall told reporters Republicans plan to spend 2 million dollars on TV time next year, already are signing contracts with television networks.

Convention plans also favor backers of an Eisenhower candidacy. Scheduled to start at San Francisco on August 20, the Convention will be followed by a brief campaign, with little time to "build up" any other Republican candidate.

CODE OF CONDUCT

"DOLLAR-A-YEAR MEN," working for the Government in Washington, got a new code of conduct last week. President Eisenhower issued an executive order tightening the conflict-of-interest regulations that apply to businessmen who serve without compensation, and to experts and consultants who are paid on a per-diem basis under the Defense Production Act.

Several hundred businessmen in Government will be affected. Among the rules: The dollar-a-year man must not make any recommendations on matters affecting his own company. He must submit for publication a list of all his business interests, his stock and bond holdings, and bring the list up to date every six months. He may advise Government officials, but must not take part in policy decisions.

RUSSIAN FALL-OUT

COMMUNIST PROPAGANDISTS had made much of the "danger" from radioactive fall-out caused by U. S. nuclear explosions. Last week another kind of fall-out left them silent.

The U. S. Atomic Energy Commission reported that radioactive fall-out from the Soviet Union's biggest nuclear explosion had been detected in the United States, but not in dangerous quantities. There were similar reports from scientists all over the free world, from Western Europe to Japan.

This was only the second time the AEC had commented on effects from Russian tests. The first announcement came on Oct. 26, 1954; AEC dubbed that fall-out "insignificant."

SIX SATELLITES?

A PROGRESS REPORT on U. S. plans to launch an earth satellite came from Dr. Athelstan F. Spilhaus, dean of the Institute of Technology at the University of Minnesota, who is one of the men responsible for the project.

As many as six satellites, each about the size of a basketball, may be launched before the experiment is over, Dr. Spilhaus told a news conference in Paris. No secrecy will surround the satellite. "We intend to make public the frequencies on which the instruments inside it will be broadcast," he said, "so that anyone can report the signals."

The American scientist also revealed that no one as yet knows how long the satellite will last before disintegrating. And no decision has been made about where the satellite will be launched from, what material it will be made of or what instruments will be placed inside.

INSULTS TRADED

RUSSIA'S TRAVELING GLAD-HANDERS, Nikita S. Khrushchev and Nikolai Bulganin, had an invitation to visit Great Britain next spring. Last week, their prospective hosts were feeling somewhat wary. For the top Soviet twosome was showing a penchant for stepping on British toes.

Traveling in once-British India, they made repeated speeches about "blood-sucking colonialism." Russian policy, Premier Bulganin assured the Indian Parliament in New Delhi, was based on "noninterference."

That was too much for Peter Matthews, official spokesman for the London Foreign Office. At a news conference, which Mr. Matthews customarily held every day, he dubbed the Bulganin statement "thoroughly hypocritical." Embarrassed, British officials replaced Mr. Matthews with another Foreign Office spokesman.

But the Communist bosses weren't through. Speaking in Bombay, Mr. Khrushchev announced that the U. S., Britain and France had "started the Second World War," and "sent the troops of Hitlerite Germany" against Russia in 1941. While diplomats protested, some British newspapers were suggesting that the Russians' trip to Great Britain be canceled.

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[Items appearing on this page are reported in Washington and other news centers]

U.S. Cool to Visit by Top Reds . . . Senator Symington: '56 "Dark Horse"? . . . Row Over Defense Manpower

Gift to President Eisenhower of a tractor and attachments, valued at $4,000, is causing some questions to be raised by businessmen who compete with the co-operative associations making the gift. The co-ops, with an active association in Washington, enjoy tax advantages over individual businessmen. Those raising questions recall the furor that followed when Harry Vaughan, as a White House aide in the Truman Administration, accepted a home freezer.

★ ★ ★

Adlai Stevenson, leader at present among Democrats interested in the 1956 nomination, is thinking seriously of entering the New Hampshire presidential primary against Estes Kefauver, Tennessee Senator, who also would like the nomination.

★ ★ ★

Leonard Hall, Chairman of the Republican National Committee, just before driving to see the President in Gettysburg, stepped up to the hotel counter and asked for aspirin. He said he had a bad headache. A bystander raised the question whether the headache was caused by uncertainty over Ike's political plans. Mr. Hall did not say.

★ ★ ★

George Humphrey, Treasury Secretary, has won the argument over whether this country should have big, new programs of aid for countries in Asia that now are flirting with top Communists. Mr. Humphrey opposed more for foreign aid, and the President backed him up.

★ ★ ★

Paul Hoffman, former Marshall Plan Administrator and a close friend of Mr. Eisenhower, visited the President at Gettysburg to sell the idea of enlarged programs of aid abroad but left without a sale.

Stuart Symington, Missouri Senator and former Air Force Secretary, cannot yet be counted out as a potential Democratic nominee if the party Convention should become deadlocked in 1956 and thoughts turn to a "dark horse." Mr. Symington is in the public eye as a critic of Republican defense policies.

★ ★ ★

Frank Clement, Governor of Tennessee, and Robert F. Wagner, Jr., mayor of New York, are figuring in calculations of the Stevenson strategy group when thoughts turn to the Vice Presidency on any Stevenson ticket. Mayor Wagner, if picked, would be the first Catholic in recent times to be vice-presidential nominee of a major party.

★ ★ ★

White House mail is understood to bring few suggestions that the President should run again in 1956 despite his heart attack. It appears that most writers of letters to the President feel that Ike's decision on a second term should be left to him.

★ ★ ★

Mr. Eisenhower, returning to Washington shortly before Christmas, is planning now to remain during January and February while Congress is getting its direction fixed.

★ ★ ★

Richard Nixon, Vice President, again will be on the ticket in second place if Mr. Eisenhower does decide to run in 1956. That's the impression Republican Chairman Hall gave newspapermen after his talk with Ike.

★ ★ ★

Charles E. Wilson, Secretary of Defense, is finding that, of all his hot potatoes, the manpower problem is hottest. Senators, with 1956 in mind, are demanding easier draft rules. Changes have been held up by Mr. Wilson's Pentagon assistants. Too, Pentagon orders shaking up the Reserves are causing an uproar. A great many Congressmen are Reserve officers.

★ ★ ★

The Khrushchev-Bulganin team, hinting that it would like an invitation to visit the United States, is very unlikely to get that invitation during the campaign year ahead. It now seems improbable that they will get nearer to the United States than London.

★ ★ ★

India's Prime Minister Nehru did not increase his chances of getting big increases in aid from this country by staging a series of huge public demonstrations for leaders of the Soviet Union.

★ ★ ★

William McChesney Martin, Jr., Chairman of the Federal Reserve Board, is hinting that the supply of money, already rather tight, will be made tighter if necessary to keep the present boom in check.

★ ★ ★

White House advisers on business policy are expressing the opinion that a depression in the income of farmers, tending to grow more severe, will not affect enough lines of business to have pronounced effect upon the general level of prosperity.

★ ★ ★

Policy planning at the top level in the Eisenhower Administration at this point is related to making sure that the Government's budget will show a surplus next June 30. The President, in campaigning during 1952, made a big point of budget balancing and feels that he must show a balanced budget during at least one year of his first term.

"They really have their hearts in their business," comments Dr. West's **John Weber,** as he visits Wausau, Wisconsin, to tell this

Wausau Story

In the pictures and captions on this page you will find three interesting examples of the 'Wausau way' of doing business—as told by John "Jake" Weber, assistant to the President of Weco Products Company (makers of Dr. West's dental products). You will find still another example of this energetic Wausau personality in Employers Mutuals. Here is *our* story.

Employers Mutuals writes all lines of casualty and fire insurance, including automobile. And we are one of the very largest in the field of *workmen's compensation.*

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"Right off the bat I noticed that Wausau people are proud of whatever job they do. Take young Jerry Olshanski. I met Jerry on his newspaper route. Since I used to deliver papers, too, we had some fun kidding about the best way to 'roll for a throw.' By really sticking to his job, Jerry's been able to buy himself a bicycle, a boat and even an outboard motor. While we talked Jerry kept right on working. He prided himself on never keeping a customer waiting."

"One of the things I liked most about Wausau is the *friendliness* of the folks I met. I wanted to find out about them, but they were just as interested in knowing who I was. Something Bob Hertz (left) of the Hertz South Side Drugs said really stuck with me. 'Whatever we do in Wausau—whether it's a community project or business—we try to do the best we can.' Bob's a good example. His store has shown a gain every single month for 9 years."

"You don't hardly get this kind anymore. An old-fashioned popcorn wagon! It's been operated in the same spot in downtown Wausau for 33 years!...by Herb Eiden as it was by his Dad before him. 'It's like a hitching post' says Herb, 'where people can relax and forget their problems a bit.' "

Employers Mutuals *of* Wausau "Good people to do business with"

Did you know beer is now so popular that it's served in two out of three homes?

Beer has always "belonged" in this land of ours. It came over on the Mayflower—as part of the provisions of the Pilgrims. George Washington and Thomas Jefferson were just two of our early patriots who favored the beverage of moderation.

TODAY, beer is more popular than ever in this nation. For instance, beer is now computed as a part of the Federal Government's Consumers Price Index—along with meat, fruit, vegetables, and dairy products. These are typical of the moderate-income family's shopping.

Further evidence of the beverage of moderation's popularity is revealed by a recent survey by an independent research organization. This nation-wide poll shows that beer or ale is now enjoyed in two out of three American homes.

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Odds are at least 60-40 that Mr. Eisenhower, in the end, will bow out.

Age, to be 66 by election time, personal inclination, medical advice, all are on the side of retirement in January, 1957. Doctors are unable to give a guarantee that a heart attack will not recur. Ike himself remembers that 1952 was to be a quiet campaign, too, but he had to get in and slug.

Party pressures, a sense of duty to carry out programs started, the strong evidence of popular support, all are a tug toward running again.

On balance, the family and personal factors appear a little stronger.

Eisenhower's decision seems unlikely before late January. It's then that the doctors tell him how well he has done, what pressure he can stand.

Party leaders, too, want a decision delayed as long as possible. The greater the delay, the more chance that Ike will say "Yes." So long as he does not say "No," the scramble for position among party hopefuls is avoided. Also, there is always the chance that the final answer will be "Yes."

Richard Nixon will start out front if Mr. Eisenhower does bow out.

Nixon, it seems probable in that event, will get a boost from Ike. In recent conversations, the President has spoken highly of him. Earl Warren, Chief Justice, still is mentioned by the White House group. Warren, however, is now 64, could at most be a one-term President. Ike would not press him to run and Warren has closed the door to a draft as tightly as a person can.

Thomas Dewey, still a power in the party, inclines toward Nixon.

Adlai Stevenson is far out front among Democrats. Stevenson, as it appears now, is going to be hard to stop. Harriman is not showing impressive gains. Kefauver faces major handicaps in opposition of party leaders.

A Stevenson vs. Nixon battle seems a reasonable prospect if Eisenhower does decide that, at his age, a second try should not be undertaken.

In business, these straws point to some change in months ahead:

New-car inventories are sharply higher. New-car sales are a bit sticky. Output, running ahead of sales, may not be sustained far into 1956.

TV, appliance business likewise show less buoyance.

New contracts for residential building are in a rather sharp decline. Building boom in new houses seems definitely headed for a slowdown.

Does all of that mean real trouble ahead? Not at all. It is viewed with official favor. Why is that? Because there is proof that moves to slow the

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rate of borrowing to buy are taking hold. What's been the worry? Simply that individuals were going into debt too rapidly and too deeply to buy new cars, new houses, many other things that are bought with borrowed money.

Why worry? Inflation, officials felt, might revive in active form. Boom control is the objective of policy. Boom in autos and houses apparently is to slow. Business in these fields, even so, will be good by any but boom standards. Business in many other fields is likely to go on up.

People, actually, will have more to spend in 1956 than ever before.

Income of individuals, after taxes, is running at about a 275-billion-dollar rate now. The rate will rise above 277 billion in first half of 1956. If taxes are cut, as probable, individuals are likely to have more than 278 billion to spend out of current income next year. That's a record by far.

Chances are that they will spend, out of this income, about as much as they are spending now, will save a little more by paying off some debt. It's spending of borrowed money that is likely to slow somewhat as controls tighten.

Wage earners are very likely to get new pay raises in 1956. Salaried workers will probably get some raises as well. Stockholders are due to get somewhat larger dividends. Professional people probably will earn more.

Retired persons will get more. Income from pensions and relief is up around 18 billions and rising. It's becoming important in business picture.

Farmers are the ones who again will fare less well. They face still lower incomes next year. Food costs to city people, however, probably will not go down much. Farmers' share of the food dollar will fall to 40 cents or less, with processing and handling costs tending to rise as food prices slip.

A few figures show why it is that farmers appear unhappy. In 1951, net income of farmers was 16 billions. In 1952, it was 14.2 billions. In 1953, it was off to 12.3. In 1954, it dropped to 12 billions. In 1955, it dropped to 10.7 billions. In 1956, it is expected, officially, to slip below 10 billions.

That's a big drop, from 16 billions to 10 billions, even though there are somewhat fewer farmers to share the smaller total. While farmers are fewer, the farms are bigger and it takes more money to operate them.

Squeeze on farmers is due to get greater, not less.

Biggest income gains are being shown by wage earners. Wage inflation, not price inflation, is the main characteristic of the inflation of recent years. It's fear, however, that inflation of prices might get under way that lies back of official moves to make money more difficult to borrow. When the economic system is operating near capacity, demand caused by spending of borrowed money might touch off a big round of price rises.

Borrowing will not be made easier again until inflation pressures ease. Outlook now is that credit restraints will be loosened by mid-1956.

Outgo and income of the Federal Government is heading for a balance in the year that ends next June 30. Outgo will be under 64 billions. Income is likely to exceed that by a small amount. Tax cuts then will follow on the theory that the year starting July 1 will be even better. Cuts in taxes, when made, will be limited to individual incomes and will be modest.

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"A New Era In Motoring Has Begun"

BY GEORGE ROMNEY,
President of American Motors Corporation

THE SIGNS WERE CLEAR after World War II. We were entering a new era in motoring. An era of traffic congestion, and suburban living. An era of greater car use for individual and family traveling. An era when new millions of families needed more than one car, because their members had to travel to different places at the same time.

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We built the now famous Rambler, the first car specifically designed for today's traffic and living.

Has the "gas-guzzling" dinosaur passed its peak?

WE THINK SO.

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We think this is one reason Rambler is the fastest-growing make today. Sales increased 124% in the past year. And Rambler leads the low-priced field in resale.

Let me repeat. As proof of its sterling worth, the Rambler now officially leads the entire low-priced field in resale value by a substantial margin.

Rambler's popularity indicates a swing away from bulky "gas-guzzling" dinosaurs to the smarter, more economical, more modern, compact all-purpose car.

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MORE ADVANCED than any car on the road, the new 1956 Rambler retains all its proved superiorities.

It is still compact to fit every garage. It still turns sharper, handles and parks more easily. It still gives up to 30 miles a gallon. You can still drive two Ramblers for the cost of one of many makes.

It is more fun than ever to drive.

All these qualities are combined in a completely new car. This 1956 Rambler is the 1957 model completed a year ahead of schedule—tomorrow's car today.

$40,000,000 safety feature

EMINENT SAFETY authorities agree that the ability of the car itself to absorb impact is the major factor in reducing injuries. Only American Motors Double Safe Single Unit Car Construction, developed at a cost of $40,000,000, gives you this "built-in" safety. This is in addition to all safety features offered by others.

We are calling this the All-American Rambler because it has appeal to young and old, to city dwellers, suburban families and farmers, in fact, to everyone who loves a beautiful car that is *more fun to drive.*

Taking full advantage of newest methods of building spacious streamlined trains and airplanes, we have been able to bring you a stronger, safer car with much more room inside, without adding hard-to-park weight and bulk. The Rambler has the space where it can be used, not just looked at.

New power—New styling

THE 1956 RAMBLER will have a completely new, more powerful overhead valve engine, new springing, new comfort, new style—and the world's first "hardtop convertible" Station Wagon.

Complete new luxury

THE NEW RAMBLER *wipes out the last vestige of "price class".* It is as fine and luxurious as the costliest cars—even offers built-in All-Season Air Conditioning. Only needless, tiring bulk and wasteful gasoline consumption are missing.

Put Rambler beside any 1956 car you name. Drive both. We believe you'll choose Rambler as the ideal all-purpose family car, as well as the perfect second car.

Make plans to see it and *drive* it at Hudson dealers and Nash dealers. We are proud to present it as new evidence that American Motors means more for Americans.

George Romney

Watch for the All-New, All-American

Rambler

TOMORROW'S CAR TODAY

PEOPLE ★ ★ ★

OF THE WEEK

› JOHN L. LEWIS was not a member of the wedding that joined the AFL and CIO in marriage. But he had something to say before the ceremony was over. The Mine Workers president sent the CIO a demand for repayment of $1,665,000 which he claims is due from loans made by the miners' union to the CIO during the latter's organizing days.

A sharp reply from James B. Carey, CIO secretary-treasurer, advised Mr. Lewis that "the CIO owes you no money." Added Mr. Carey: "You have achieved the momentary ripple of publicity which you sought to relieve the boredom of your isolation from the democratic labor movement."

It was miner Lewis, now 75, who led a group of unions, including the Mine Workers, out of the AFL to found the CIO in 1935. Then he quit the CIO in 1940 to return to the AFL. That reunion lasted until 1947, when Mr. Lewis again led his miners out of the senior house of labor. He has remained aloof ever since.

Mr. Lewis has voiced the view that the AFL-CIO merger is a "rope of sand" that cannot last. His critics reply that the miners' chief never would have anything good to say about any organization that he could not dominate.

Heading the new AFL-CIO group, which claims a combined membership of 16 million, is George Meany, who stepped into the role of No. 1 leader of organized labor in the U. S. from the presidency of the AFL. He is 61, a former plumber.

› PREMIER EDGAR FAURE, clutching at a little-used election law as a drowning man grabs for a twig, remained very much in the French political picture last week after what had appeared to be a stunning defeat.

A vote of confidence concerned mostly with the date of elections to choose a new National Assembly knocked the French Premier out of office. Rebounding almost instantly as the head of a caretaker Government, Mr. Faure seized upon a constitutional technicality—one which no French executive had exercised since 1877. He dissolved the Assembly, set new elections for early in January.

This action upset the plans of ex-Premier Pierre Mendès-France—once friendly with the Premier, but now a political foe. Mr. Mendès-France had hoped to delay the elections until June, win time to build up a political machine strong enough to return him to the nation's leadership.

It was the strong opposition recruited by Mr. Mendès-France that toppled the Faure Government, set the stage for election of a new Assembly.

Premier Faure, a 47-year-old lawyer, once wrote mystery novels for the mental exercise. In one previous crack at running the French Government—in 1952—he lasted just 40 days.

› POLITICAL LEADER with the ambition to become a "President maker," **Carmine G. DeSapio** is promising a stout fight by Averell Harriman for the Democratic presidential nomination Mr. DeSapio insists that the New York Governor will not go to Chicago next year as merely a "token" candidate; that Mr. Harriman isn't interested in any lesser job, such as Secretary of State.

Mr. DeSapio knows what it means to be in a fight. He took over as leader of Tammany Hall—most powerful of the Democratic Party organizations in New York City's five boroughs—in 1949. Tammany was in the doldrums. Its finances were low. Critics had labeled it with stickers that screamed "corruption" and "graft." Republicans pictured it to the nation as a "sinister force."

The new leader went to work to erase this stigma, make Tamanny a symbol of "enlightened democracy." This rejuvenation drive hit its peak last year when Mr. DeSapio directed the campaign that gave Mr. Harriman the Governorship, ended 12 years of Republican rule in the nation's most populous State.

Tammany's leader grew up on Manhattan's lower East Side, broke into politics by knocking on doors seeking Democratic votes. He is 47, owns an insurance business but spends much of his time "politicking." Governor Harriman named him Secretary of State of New York—at $17,000 a year, plus $3,000 for expenses.

CUB FOR KREMLIN

—United Press

› TWO RED ENVOYS of good will ended the first half of their vaudeville-routine junket to India, shuffled off to Burma accusing the West of war aims. Soviet Premier **Nikolai Bulganin** and **Nikita Khrushchev,** Communist Party chief, were showered with gifts—one of them a tiger cub.

One million people welcomed the Russians to Calcutta, heard India's Prime Minister Nehru say the West need not fear that the Reds' visit will swing India into the Communist camp.

› TOP INDUSTRIALIST, whose interests range from selling soap products to solving school problems, presided over the nation's most ambitious study of its public schools. **Neil H. McElroy** is chairman of the White House Conference on Education, which last week collected the views of 2,000 delegates representing every State. It will publish its report early next year.

The delegates tackled these questions: What should our schools accomplish? In what ways can we organize our school system more efficiently and economically? What are our school-building needs? How can we get enough good teachers—and keep them? How can we finance our schools—build and operate them? How can we obtain a continuing public interest in education?

Chairman McElroy is 51, a Harvard graduate who went to work in the advertising department of Proctor & Gamble 30 years ago, was elected president of the company in 1948. Directing the four-day talkfest, he drew on his long experience in community affairs in Cincinnati and in national civic activities.

Some delegates criticized conference procedure, demanded votes on controversial issues. Replied Mr. McElroy: "This is a working conference. We are not gathered here to listen to a series of speeches, to pass resolutions, or to add up votes. . . ." But the delegates persisted, voted firmly in favor of a program of federal aid to education.

(Continued on page 14)

Do you really know how old you are?

BEFORE you answer this question, read this story about a boy, his mother and an elderly lady.

"How old is your son?" the elderly lady asked.

"Physically, he's 10. Emotionally, about 7. Intellectually, around 15. Counting birthdays, he will be 9 next Sunday," the mother exclaimed.

Like the little boy who was 10, 7, 15 and 9 years old, no one has a *single* age, regardless of birthdays.

This is because aging occurs in different people at different rates in different parts of the body. So, despite the calendar, in some ways you may always be "young" . . . while in other ways, you may be "older" than your years.

Everyone wants to stay as "young" as possible throughout life. Fortunately, there are ways to help retain certain youthful assets, even into the "sunset years."

Foremost among your early preparations for living long and happily are annual health examinations. Through them, your doctor can watch for clues to mental and physical impairments which, though minor today, could grow worse as time passes. Correction of any defect, at its very beginning, is the best way to help keep that defect from interfering with your future.

A younger person's health program should also include observance of good health habits. It is both possible and wise . . . to get enough sleep and rest, to eat properly, to exercise sensibly . . . and still not miss any fun during the prime of life.

After age 40, two things become very important: (1) Guarding against degenerative diseases, such as heart and blood vessel disorders, diabetes and arthritis; and (2) preparing for your retirement years.

Health examinations may, sometimes, be desirable at least *twice* a year after mid-life to help prevent, postpone or control degenerative ailments. Greater care, too, should be given to nutrition. A good, *varied* diet may help delay certain aging processes.

Naturally your living habits change as you grow older. So, to keep mentally happy, include a hobby in your plans for the leisure years.

If you are growing older (*and aren't we all?*), you might like to know some of the things many doctors recommend for those who are now 65 and older. This information is found in Metropolitan's booklet called *Your Future and You*. Just mail the coupon below for your free copy.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
1 Madison Avenue, New York 10, N. Y.

Metropolitan Life Insurance Company
1 Madison Ave., New York 10, N. Y.

Please send me a copy of your booklet, *Your Future and You*. 1355-K.

Name _____

Street _____

City _____ **State** _____

CONTINUED

ALBERTO GAINZA PAZ could have taken the easy way nearly 10 years ago, avoided a long exile from his native Argentina. The orders he got: Play ball with Gen. Juan D. Perón and his dictatorial regime—or else. The owner-editor of the respected Buenos Aires newspaper, *La Prensa*, balked at editing the paper while down on his knees, eventually fled the country in 1951 under threat of arrest. Perón forces seized *La Prensa*, turned it into a propaganda organ.

Since then, Mr. Gainza Paz had been awaiting the day when he could return to Argentina, summon his former employes, resume publishing *La Prensa*. Last week—with General Perón himself in exile, and disgraced—the publisher flew homeward to realize that dream.

Trained as a lawyer, Mr. Gainza Paz was attracted to newspaper work through visits to *La Prensa* as a youth. The newspaper was founded by his grandfather in 1869, won a world-wide reputation for its independence and coverage of international affairs.

Back on the job once again, Mr. Gainza Paz planned to re-establish the policy stated in an editorial published in the newspaper's first edition, which said: "Independence, respect for the private individual and reasoned criticism of public officials—but not of their individual personalities—will be our creed."

G. MENNEN WILLIAMS is lifting his voice here and there about the country in a manner that hints at willingness to accept the Democratic presidential nomination next year. The 44-year-old Governor of Michigan, now in his fourth two-year term, had not made a firm commitment by last week. But all the signs were there.

Speaking to Democrats in Denver, the Michigan Governor decried "the spirit of Chicago"—a backhanded but obvious slap at Democratic front-runner Adlai Stevenson. Mr. Stevenson, in announcing for the nomination earlier, in Chicago, had set forth the view that "moderation is the spirit of the times."

In Washington, the Governor called "inadequate and a perfect mockery" President Eisenhower's aid-to-education program; offered his own five-year program calling for 16.6 billion dollars in federal aid to schools.

A lawyer, Governor Williams served in federal and State legal offices, put in four years as a Navy officer before winning election to his first term in 1948. Michigan Democrats have promised to support him for "any office he may seek," are urging him to enter the presidential primaries next year.

SIGHT-SEEING TRIP LEADS TO EAST-WEST ROW

REPRESENTATIVE BOLAND WITH MAJ. GEN. DASHER

FOUR AMERICANS, sight-seeing in East Berlin, set off a chain reaction last week that led the U. S., Britain and France to send stern notes to Soviet Russia.

Two of the tourists were Congressmen—Representatives **Harold C. Ostertag** (Rep.), of New York, and **Edward P. Boland** (Dem.), of Massachusetts. They were accompanied by **Mrs. Ostertag** and Lieut. **James T. McQueen,** of Mullins, S. C., their Army escort.

The trouble started when the American party stopped at a Soviet military cemetery—a standard sight for visitors to East Berlin. An East German policeman spotted a two-way radio in the visitors' military car, cocked his pistol and demanded the car keys. Taken to Russian headquarters, the Americans were released after four hours.

The next development came when Maj. Gen. Charles L. Dasher, U. S. commandant in Berlin, protested the incident to the Russian commandant. The American was told that Russia has ended its 10-year occupation of East Berlin; that full authority has been turned over to the Communist East Germans.

This sudden switch in Soviet policy brought from the Big Three Western governments warnings to Moscow that they still consider East Berlin under four-power occupation, along with West Berlin. The U. S. note termed Russia's action "wholly inconsistent."

—Wide World Photos

LIEUT. McQUEEN, REPRESENTATIVE AND MRS. OSTERTAG

Small businessman has BIG ideas about Hoover Report

HE'S no billion-dollar corporation. Just a small businessman who works hard to keep his company out of the red. He wants to keep his *country* out of the red, too. He thinks the Hoover Report can help do *both* jobs!

This unbiased, *non-political* report recommends that the federal government stop competing with free enterprise in businesses, industries and professions like *Mining, Transportation, Metals, Utilities, Watch Repair Shops, Food Stores, Tailoring Shops, Print Shops, Medicine, Dentistry* . . . the list is long. Such competition is unfair to private enterprise . . . and it's fantastically costly to the taxpayers and downright dangerous to the future economic welfare of the nation itself!

We've all got enough of a stake in America's future to be vitally concerned about this serious problem.

FREE! ***Write us for a copy of the Hoover Report booklet on Government in Business.***

BASIC REFRACTORIES INCORPORATED CLEVELAND 15 OHIO

TIBER DAM, crossing the Marias River 13 miles below Tiber in northwest Montana, will be 205 feet high and 4,300 feet long when completed.

Photo courtesy Engineering News-Record

THE TOUGH JOBS GO TO TEXACO

JAMES & WUNDERLICH, CONTRACTORS,

handle all construction work at Tiber Dam, Montana. To keep their huge task force of equipment operating dependably and economically, they rely on Texaco for all lubrication. Mr. F. A. Bleecker, Project Superintendent, reports: "To keep our equipment on the job constantly, we need really effective lubrication – and get it with Texaco. Our diesels, for example, deliver top-notch performance with *Texaco Ursa Oil Heavy Duty*. In addition, we've improved preventive maintenance procedures and cut costs by following the Simplified Lubrication Plan recommended to us by a Texaco Lubrication Engineer. Thanks to Texaco, we get the high equipment efficiency necessary to keep the work ahead of schedule."

JAMES & WUNDERLICH is one of the many top organizations which have achieved top results with Texaco. There are three good reasons for this wide acceptance: *field-proven* Texaco Lubricants, developed with the aid of the finest research facilities available . . . *field-experienced* Texaco Lubrication Engineers to advise on their use . . . and *fast, efficient service* from over 2,000 Texaco Distributing Plants in all 48 States. This combination can help bring production *up* . . . and costs *down* . . . in every major field of industry and transportation. One agreement of sale supplies all your plants wherever located. For details, call the Texaco Distributing Plant nearest you, or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

TEXACO

TEXACO REG. T. M.

INDUSTRIAL LUBRICANTS

SPENDING TO BREAK ALL RECORDS IN '56

Not So Much for Homes and Cars, but More for Other Things

Right now, you probably are seeing the top of the boom.

A gentle slide in home building, autos and some other lines is likely to start early in 1956, and carry on through much of the year.

Even so, taking the year as a whole, 1956 probably will average out as the biggest ever for U. S. business.

People will have more money, spend more, than in even record year 1955.

All records for spending are likely to be broken in 1956. After a rapid rise in 1955, the total of spending will average still higher in the year ahead.

The pattern and direction of that spending, however, probably will change.

In the present year, almost everything has moved strongly upward from beginning to end. In the year ahead, starting from very high levels, some lines of spending will go on up. Others are likely to decline as the year moves on.

At the end of next year, the chances are that the level of spending will be moderately less than it is right now. Yet, for the year as a whole, the average of all spending will be higher than the average of 1955.

All this is in line with official plans. Those in Government who have power to regulate the flow and cost of money are concerned by present trends toward inflation. They have set out to bring the forces of inflation under control.

In the process, some fields of business and of spending will be affected adversely in the year ahead. Others will feel no pinch at all.

New records where? William McChesney Martin, Jr., Chairman of the Federal Reserve Board, has used the words "another 1929" in discussing what might happen if the Government were to stand aside and let spending go on without restraint.

The restraints now being applied will be felt in fields where spending is supported by borrowed money. Credit will be less readily available for buying cars, both new and used. Even now, loans to buy or build new houses are not quite so easy to get as they were a while back.

These are the principal fields—automobile sales and residential construction—where declines from the recent high levels are likely to appear in the year ahead.

At the same time, however, consumers will be spending more than ever before on most other things.

Incomes are breaking records. Pay raises are reported nearly everywhere. These trends, almost surely, will continue into 1956. By the middle of next year, it is probable that taxes on personal incomes will be reduced a bit, leaving more to spend. As a result of that tax cut, spending might go even higher than shown in the chart on pages 18 and 19, which does not allow for lower taxes.

—Canfield in the Newark Evening News

"FULL BLAST"

. . . record spending for everyday living

With more income, people will spend record amounts on everyday living. They will buy more clothing. They are likely to spend more for gasoline and tires. They probably will spend more even for food, despite the lower prices that farmers may receive in 1956.

There will be a good deal more spending for vacations and travel, and for all the things that go to make up the field of "services."

In short, those who sell things that the public can pay for without borrowing can look forward to the best year ever.

How big a rise? Total spending for goods and services by individuals, by businesses and by governments—federal, State and local—is likely to total 392.4 billion dollars in the full year 1956. This compares with an estimated 387.1 billion in 1955, itself a record year by far.

However, at this time, after a continuous rise throughout 1955, total spending—called "gross national product"—is running at an annual rate approaching 400 billion dollars. This represents a whopping rise

Source: For 1954, Commerce Dept.; For 1955 & 1956, estimates by USN&WR Economic Unit

from the first quarter of 1955, when the annual rate of spending stood at 375.3 billion.

The current high peak in spending is not likely to be sustained. In the second half of next year, the spending rate may be off to about 390 billion dollars. Even that will exceed anything seen in this country prior to the latter months of 1955.

You find, therefore, this important difference between 1955 and the outlook for 1956: The year now closing has been one of rapid and continuous rise. The year soon to begin will be one of modest decline.

Looking at the two years as a whole, in terms of total spending, 1956 is likely to exceed 1955 by at least 5.3 billion dollars, possibly more.

Consumers lead. Individuals are likely to spend in 1956 nearly 6 billion more dollars for goods and services than they are spending in 1955. There is the real key to the increased outpouring of dollars that is expected next year.

The cut in spending on new cars and other so-called durable goods will be more than offset by increased spending for "nondurable" goods and services.

Specifically, the outlook for spending by individuals is this:

For cars and other "durables," outlays are likely to drop off to 34.2 billion dollars, down 1.8 billion from 1955.

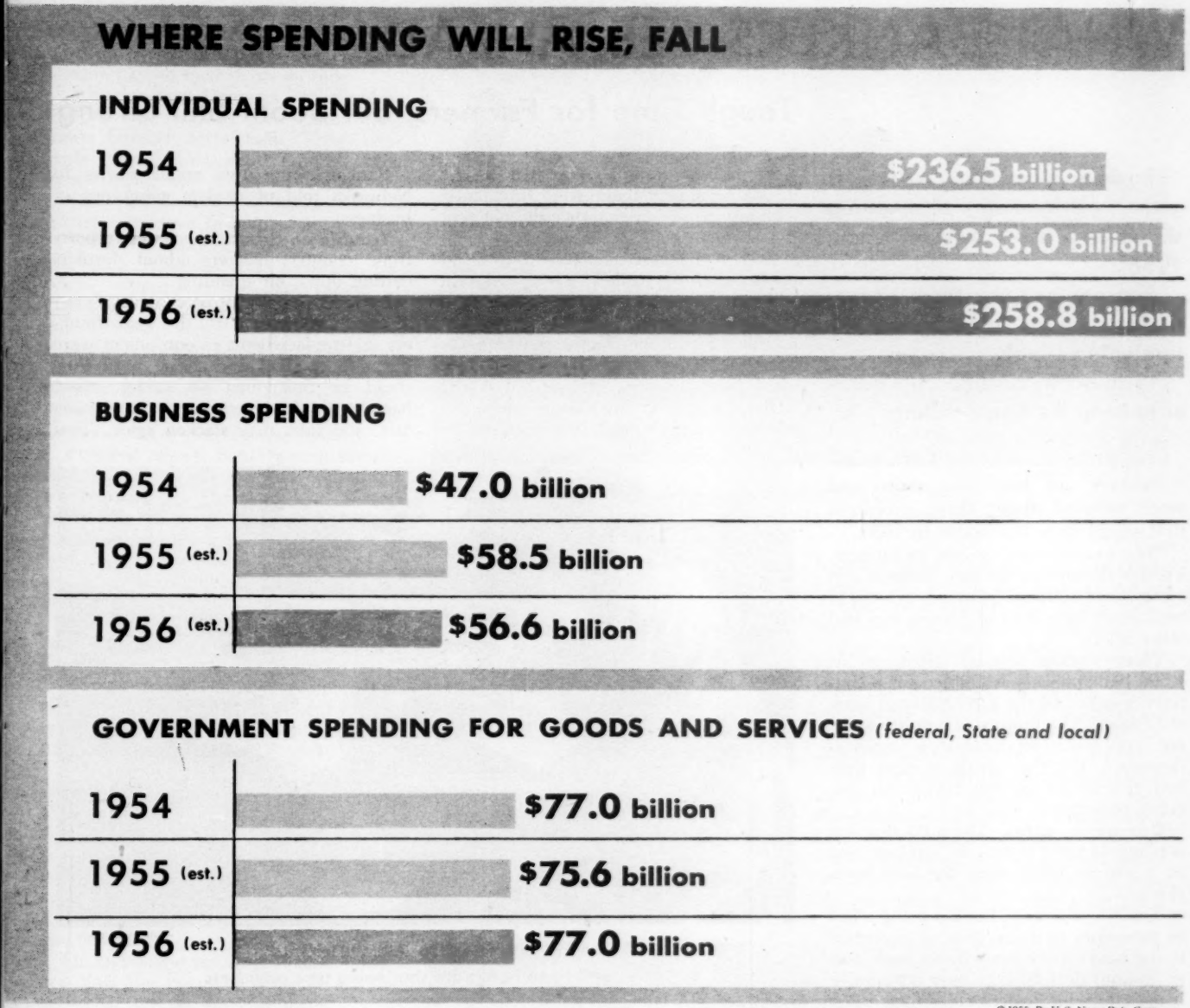
For food, clothing and other "nondurables," spending probably will reach a new high of 129.7 billions, up 3.6 billions from this year.

For rent, travel and other "services," people are expected to spend a record 94.9 billions, up 3.9 billions over the present year.

Business spending is to decline to some extent.

Industry is to push ahead with vast expansion. Outlays for new plants and equipment will reach a new high in the year ahead. At the same time, however, business will be spending less money for increases in inventories. Inventory building is going on at a rapid clip just now, notably in automobiles.

Fewer dollars are to be spent on construction, and nearly all of the decline will show up in home building. This, again, is to be the result of tighter restrictions on credit. As home building slows, there will be less demand for appliances and home furnishings.



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Spending by governments for goods and services, off a bit this year, will edge up again in the coming year. Federal outlays are expected to shade off once more, but this decline will be more than made up by a rise in spending by State and local governments.

What it all means. These figures on total spending provide a measure of general business in the year ahead. The increases now foreseen for the full year 1956, as compared with 1955, are not based on a price rise, but on a higher level of business activity.

Even so, the year ahead will be one of uncertainty, of adjustment, for a good many people. The decline from the top of the boom may be painful for some.

What the Federal Reserve Board is after, in tightening credit, is to avoid a repetition of the rapid rise in buying with borrowed money that has taken place in recent months. To show you what alarms FRB:

> In a single year, the year that ended in October, people went into debt 5.0 billion dollars for things they bought on installments, mostly automobiles. Mortgage debt, in the same period, went up a whopping 13.1 billion.

The official idea is to slow that rise in debt, not to stop it. Once business starts to slip, as now seems likely during the early part of 1956, FRB is sure to ease up on credit.

Some easing of the present restrictions is probable by next spring. When that happens, it will not necessarily signal another spurt in business.

The mild adjustment in business that is to start in the weeks just ahead may carry on through much of 1956. At the worst, however, total spending in the second half of the year is to be at a rate within 2 per cent of what it has been in the record final quarter of this year.

That is the outlook for 1956—a slight drop in a few fields, a continuing climb in others, a correction from the extremes of the boom—but, all in all, another year of prosperity.

For a report on how the year ahead looks to bankers, see page 20; for an explanation of Government plans to restrict credit, see testimony of William McChesney Martin, Jr., Chairman of the Federal Reserve Board, page 114.

WHAT BANKERS SEE AHEAD

Tough Time for Farmers, but Boom Still Strong

Business, bankers report, is good, yet a note of warning shows up in what they say about 1956.

Reasons are the farm slump, the pile-up of unsold cars, the tightening supply of money.

With banks cautious, it's harder to keep the boom rolling.

CHICAGO

Bankers are becoming more and more worried about three problems that could slow the boom in 1956.

They foresee more trouble for farmers, a test of demand in the auto business and a continued squeeze on money which, in turn, could slow sales of houses, cars and other goods.

These worries seemed uppermost as 1,500 bank officials assembled for a conference called by the First National Bank of Chicago. The visitors, as a group, were not yet ready to forecast a business downturn, but they made it clear they feel the future of the boom has become uncertain.

Danger in autos. The auto problem is plaguing most of the city bankers, just as it did in 1953 when the last boom slowed.

Trade in new cars, besides being a key to prosperity in many lines, is important to the banking business. Banks lend money to auto dealers, take over installment loans after the dealers close their sales, also make direct loans to many car buyers.

From this vantage point, the bankers are watching with concern as dealers, faced with stocks of new cars that are mounting to the highest year-end level in history, press sales on terms regarded by many bankers as "unsound."

A First National vice president said, "I suspect we may see some new-car dealers selling 1955 cars from their lots for some time while the new 1956 models are being delivered at the front door of the showroom. If this inventory situation exists in the midst of the model changeover we are now going through, we may see wilder trading."

A vice president of a Boston bank recalled that two dealers recently had gone "crooked," falsifying accounts. "It shows what pressure they were under."

From Tulsa came a report that dealers in one prominent make were threatened with loss of franchises if they did not beat the competing auto next year.

A few bankers, mostly from small towns, told of dealers who balked at pressure, refused to take more cars than they could readily sell but were not punished by the manufacturers. There was talk that dealers generally should show more independence.

But, in most cities, time to prevent a pile-up of unsold cars was pictured as running out. Bankers are getting cautious; their attitude may make it harder for dealers to lighten inventories.

A Cincinnati bank official said that he had been making 36-month loans on cars and had no trouble with them so far. However, in the future, he is going to make very few loans for more than 30 months, he added.

A bank near Detroit has been making 30-month loans, now is trying to hold its auto deals down to 24 months.

A Memphis banker stressed that he is not taking over any installment loans made by auto dealers. He does all his car financing on a direct basis with the buyers, thus has more control over terms.

The combination of record inventories and tighter credit will bring about a cut in auto production in 1956, a big-city banker predicted.

Bankers from two small towns in Nebraska told of dealers going out of business.

Trouble on farms. There were reports from country bankers about farmers cutting down on spending.

Farmers actually stepped up purchases of farm machinery early this year. Bankers said replacements of equipment were put off, in 1953 and 1954, until they could be postponed no longer. Now, bankers think, urgent needs have been met, and sales may slacken again. That is contrary to the forecasts of farm-equipment companies.

A banker from Momence, Ill., said sales of farm machinery are starting to slip. One manufacturer has consolidated two dealerships into one in this area.

General slowing in rural trade was forecast by the president of a bank in Streator, Ill.

This concern over the farm problem is in sharp contrast to the bankers' attitude of a year or two ago. Then, they seemed to feel that good, efficient farmers would do well, that only weak farmers would have trouble. Now, they see even the strongest producers suffering a drop in income.

They don't foresee any early improvement or any easy remedy by Government action. "I don't see how the situation can help but get worse with all these

—USN&WR Photo

CAR INVENTORIES ARE PILING UP
. . . and some banks are shortening time payments

surpluses hanging over us," a bank president from Princeton, Ill., complained.

An increasing number of farmers have trouble paying their debts on time.

A banker from Denmark, Wis., said he finds it necessary to give some young dairy farmers extra time. They can't make enough to support families, keep farms going and meet all obligations.

The banker from Momence told of giving extra time to hog raisers.

For some farmers, financial worry is too much. A banker from Kewanee, Ill., which calls itself "the hog capital of the world," said a local real estate agent had 100 farm sales scheduled between now and early March and regarded about 60 of these as "distress" sales. Not all farmers selling out are behind on payments; some just don't see how they can keep out of default much longer.

Political revolt. Bankers with Republican leanings spoke with concern about the effect of the farm problem on next year's elections.

"The Republicans had better come up with some answer to the farm problem," the head of a Madison, Wis., bank said, heatedly.

The banker from Princeton praised Secretary of Agriculture Ezra Taft Benson but said local farmers are "down on him."

An outspoken Democrat from Hammond, Ind., said the Government's tight-money policy will bring about a Republican defeat in 1956.

On lending—a caution: Most bankers, however, favor the policy of the Federal Reserve System in holding down the supply of funds for lending, trying to slow the great increase in lending that has taken place this year. Too much borrowing, most bankers feel, promotes inflation and gets people dangerously overextended.

But tightening up, the bankers realize, can slow the boom, if not end it altogether. It creates new problems.

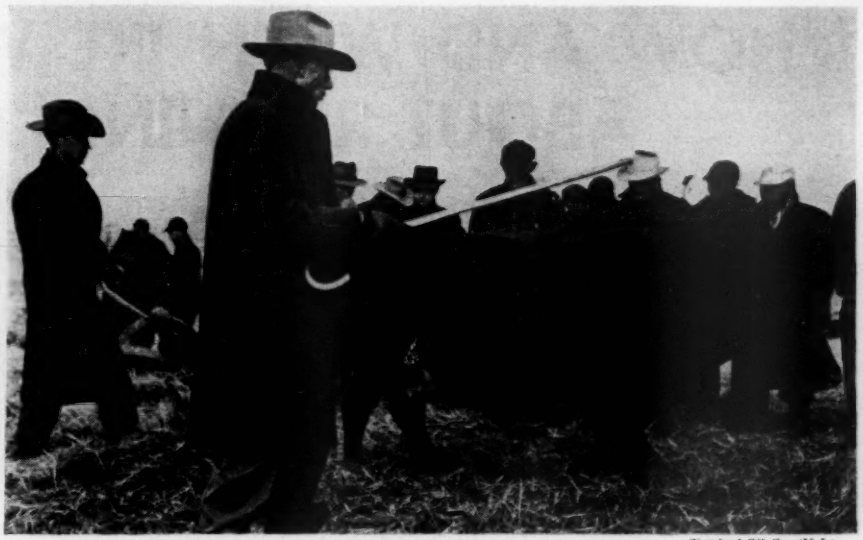
Tighter auto loans are one result.

Farmers are to find it harder to borrow. An Illinois banker said that country banks will want to know exactly how borrowed money is to be used, so they can judge whether a loan is likely to pay for itself. They will insist on more control over borrowed money.

City bankers said they are more cautious in passing on mortgages and loans for builders. They just don't have money to take care of all applicants.

For many banks, the law limits mortgages held to 60 per cent of their savings deposits. In practice, this means they make few mortgages once their holdings hit 45 or 50 per cent.

A number of banks reported mortgages at this level. A Cincinnati banker said he is holding back on real estate loans for this reason.



—Standard Oil Co. (N.J.)

FARMERS' INCOMES ARE SLIPPING

. . . the banks have more to say about their spending

Banks often raise money for new mortgages by selling older ones to other banks and to insurance companies. This has become more difficult, according to bankers from such widely separated places as San Bernardino, Calif., and Trenton, Mich.

Slowdown in building. Reports from Government and industry show that fewer houses are being started now and fewer contracts are being written for houses to be started in 1956. So far, the slowdown seems to be mild, the bankers said.

Around San Bernardino, the banker declared, "they're still pulling out orange groves and putting in a thousand houses," but there is just a little tendency for building to level off. A man from Tallahassee, Fla., reports that building has not slowed but houses priced in the higher brackets have become "a little sticky."

The dip in home building, if it continues to be mild, may be more than offset by increases in public works, commercial and industrial construction. Bankers said the over-all outlook for construction is strong.

The cloudy future. Business, outside the farm areas, generally seems good. The bankers said the boom is still strong. But, with problems cropping up, they were not making any clear-cut forecasts for 1956. Many still thought the coming year would be a "very good" one.

—H. Armstrong Roberts

FEWER HOMES ARE BEING BUILT

. . . and many banks have all the mortgages they can handle

HOW AND WHEN IKE WILL DECIDE ABOUT RUNNING AGAIN

It Hinges on a Lot More Than the Doctors' Report

Here is an intimate glimpse of the way the President's mind is working as he turns, in his seclusion at Gettysburg, toward some important political decisions.

Is health or politics to be the factor that decides whether he runs again? If he does not run, will he favor any one man to take his place? When will the big decision come?

With a few close associates as consultants, the President will weigh candidates, count chances, fix his own plans for the future.

The real decision lies ahead after all of the medical reports are in hand. Those reports are expected within two months.

GETTYSBURG, Pa.

The President's brothers are known to feel that it is foolish for anyone to expect that President Eisenhower will make a decision about his 1956 intentions while still convalescing from a heart attack.

Until physicians make their report at the end of January, Mr. Eisenhower is pictured as not having the basic facts that must underlie any decision. The report of the doctors will have a decided influence on the President's attitude toward a second nomination. The doctors' report will not be based upon political considerations.

It is understood that some Republican leaders hope Mr. Eisenhower will make no decision until the last possible moment in 1956. In this way, they feel, it might be more difficult for the President to say anything but "Yes" to a draft move. At the same time, too, White House influence over Congress and over the party Convention would be preserved fully.

The President's decision, however, is not to rest on considerations of this kind. In the opinion of those who know him best, Mr. Eisenhower's decision will be based entirely upon what he feels to be right. He is described as never forgetting that he is President of all the people and that he is not engaged in playing a game.

It sometimes is pointed out by those who are closest to the President that, if he did retire in 1956, he would return to private life with extraordinary prestige, world-wide in nature. The feeling is that he could exert great influence for peace. He could visit with old friends in Great Britain, France and Germany—might even go to Russia—and make his influence felt in a real way, doing things that he could not do as President.

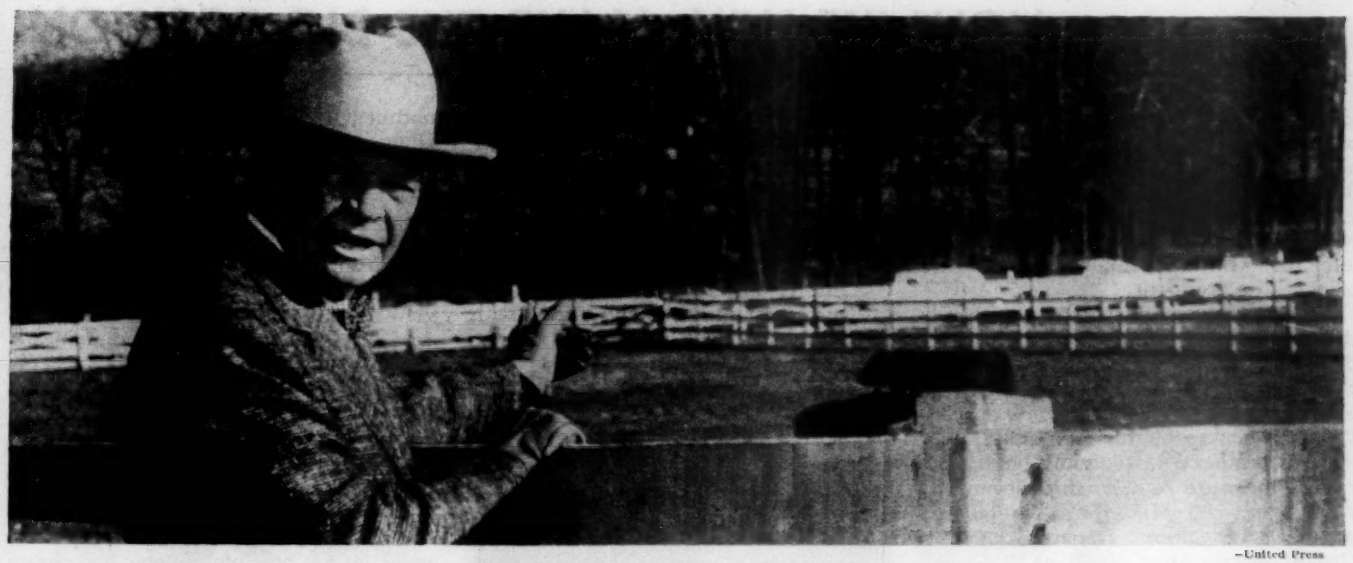
Thus, Mr. Eisenhower, if he did step out, would not necessarily live just the life of a country squire, but would be available for public service.

There is a feeling among members of the President's family that, if Mr. Eisen-

—United Press

THREE OF THE EISENHOWER BROTHERS

Edgar (left), Milton and Earl: The Presidency has been a problem to all of them



—United Press

MR. EISENHOWER ON HIS GETTYSBURG FARM
Broader fields may call him, even if he doesn't run

hower should run again after his heart attack, and at age 65, the voters might take a different attitude toward him than they did in 1952. It is thought that the voters might feel they were voting for a Vice President, might take the view that Mr. Eisenhower might not be able to fill out his term. Thus, the feeling is that there is no certainty Mr. Eisenhower could win an election, even if his physical report in January is good.

Target: the No. 2 man? This doubt about the voters' 1956 attitude is based on an assumption that the President's physical condition would be widely discussed and the second man on the ticket made a campaign target.

In this connection, the thoughts of those in the intimate family circle are turning primarily to Chief Justice Earl Warren and to Vice President Richard M. Nixon.

The Vice President is well liked by members of the President's family, and, among them, there is known to be some surprise at the opposition to Mr. Nixon that has made itself felt. In part, this opposition is ascribed to the fact that Mr. Nixon led the Republican battle in the 1954 congressional campaign and has been called the "Republican hatchet man."

The view is taken that, in order to win the Presidency, a Republican nominee must have the votes not only of Republicans, but of Democrats and those not bound tightly to either party. Many of these last two groups do not like the partisan approach which they attribute to Mr. Nixon; at least, that is the way the opposition to him often is defined.

There is a feeling in the President's family circle now that Chief Justice Warren's original statement of his unwillingness to be a candidate should not necessarily be taken as final. It is pointed out that the Warren statement was made before the President suffered a heart attack, and that fact might make a difference.

From Ike, no pressure. In the President's family, there is no feeling that, when the time comes, Mr. Eisenhower will put any personal pressure on Mr. Warren, or anyone else, to run. Mr. Eisenhower, it is said, does not work that way.

—United Press

SHARING A LAUGH WITH MILTON
Then, talk of more serious problems

There is a suggestion that the President might have a small stag dinner, when the time to choose a candidate comes. Several possible candidates might be invited to this dinner.

The President would not point his finger at any one of the men, but, as the evening went on, it would occur to some of the guests that several possible candidates were present, and that Mr. Eisenhower obviously thought well of them. It also would occur to the guests that several other possible candidates were not at the dinner, and that this might mean that Mr. Eisenhower did not think too highly of them.

And thus, adroitly and without naming anyone, the President would let it become known what names were on his personal list of possibilities.

As it stands now, within the Eisenhower family circle, the name of Mr. Nixon is on the list, and that of Mr. Warren has not been removed. When the time comes for the dinner, doubtless there will be others.

Inside the family circle, relations are close. This glimpse of the views of the President's brothers—given by one who knows them intimately, at this particular time when a decision of importance both to their brother and to the nation is impending—holds considerable importance.

Mr. Eisenhower has four brothers. They are: Earl, an engineer now living at La Grange, Ill.; Edgar, a lawyer, of Tacoma, Wash.; Arthur, a Kansas City banker; and Milton, who is president of Pennsylvania State University.

In the group, the relations between the President and his youngest brother, Milton, are the closest. They have been drawn together naturally by living in the

[continued]

HOW IKE WILL MAKE THE BIG DECISION

same general areas. The President has been quoted in the past as saying that he would rather take the views of Milton than those of anyone else. Yet, those who know and understand the relations between the two say that it is incorrect to infer that Milton Eisenhower advises his brother, the President.

What really happens, they say, is that the two brothers talk about the things that are on the President's mind. The President speaks his views. Milton expresses his own opinion. In the end, the President makes up his own mind. He uses his brother as a sounding board.

This intimate relationship began 25 years ago when Milton was an official in the Agriculture Department and Dwight was an Army officer in Washington. Through the years this relationship has tended to knit more closely, since, from his governmental experience, Milton is familiar with the type of problems his brother is dealing with.

Before the President's illness, Milton went to the White House almost every week end. The drive from State College, Pa., to Washington and back took almost nine hours, so the President arranged for use of a small Army plane.

A few weeks ago when Milton Eisenhower first flew to Denver to talk with his brother at Fitzsimons Army Hospital, there were reports that he had gone to discuss politics with the President. Those familiar with the reasons for that visit say that what really drew Milton to Denver was a fondness for his brother and a wish to see if there was anything he could do.

Milton's visit helped. In the sickroom, the President and Milton talked much about their younger days. They worked a couple of crossword puzzles. They discussed painting, laughed a little and relaxed. The visit seemed to do the President a great deal of good.

Afterward, the doctors reported that the President was more nearly his old self than at any time since the attack. He was relaxed, cheerful, willing to take his doctors' orders. The doctors asked Milton to come back soon. Altogether, Milton made three trips to Denver.

At about this time, stories were being printed that Milton Eisenhower might be in the running for the 1956 nomination to succeed his brother. Intimates say that Milton was shocked to read such stories at a time when his brother was in an oxygen tent.

These friends say that Milton has no desire to be a candidate, even if he could win nomination, which he doubts. He regards the fact that he is the President's brother as being as much of a handicap as an asset, these friends say, and takes the view that Americans do not look kindly on even a hint of a "dynasty." Moreover, there is a feeling in the family that the President, himself, would not go along.

"One is enough." As a matter of fact, when the report linking Milton with the Presidency first bobbed up, Edgar Eisenhower was quoted as saying: "One President is enough in the family."

—USN&WR

WHITE HOUSE WELCOME
A candidate from a guest list?

All of the brothers have found their own activities circumscribed by the presence of a brother in the White House. They cannot talk as freely as they wish; their views are likely to be twisted into a reflection of what the President, himself, thinks.

Milton Eisenhower, who used to speak and write about all sorts of topics now limits himself to the field of education. Friends say that Milton resents being labeled as "the left-wing Eisenhower." Twice, when he was working in the Department of Agriculture under Secretary Henry Wallace, Milton went in to resign over policies that were being adopted. Mr. Wallace, observing that he did not want to be surrounded by "yes men," talked him out of resigning.

Milton likes Ike's approach. Actually, Milton is described as taking the view that the approach of his brother's Administration to foreign and domestic problems is a good one. Friends say he feels there is not much difference between the Eisenhower program and those of previous Administrations, except in attitudes and methods. But he regards these differences as extremely important.

In the view of Milton Eisenhower, friends say, private enterprise should be given every possible chance to operate without governmental interference, and Government should be decentralized wherever possible. Thus, the views of Milton and the President run close together.

Similarly, friends say, the views of the two brothers coincide on international affairs. Milton is described as feeling that, while it often would be more comfortable to be isolated, the United States is so dependent upon imports from other countries that it has to get along with them.

How Government runs now. With the main lines of governmental policy charted, actual carrying out of the President's program falls upon his Cabinet and his staff. Members of Mr. Eisenhower's family have been pleasantly surprised at how well this system is working.

As it stands now, Mr. Eisenhower dumps problems into the lap of a Cabinet committee, its staff gets busy and usually the matters are handled without further fuss. This permits the President to convalesce at Gettysburg while the Government continues to function.

There is no thought that the President will not continue to work in this fashion until the time comes for him to decide whether to run again. Indeed, family intimates say, there has never been any thought that Mr. Eisenhower might resign.

Moreover, these men insist, no one is going to push Mr. Eisenhower into making any kind of decision. Whether he decides to run again or not to run again, the choice will be his own, not that of a party, a relative, or any third person.

For the views of a top Republican strategist on whether Mr. Eisenhower will run again, see the text of a press conference held by Leonard W. Hall, starting on page 26.

What a fight against time Santa used to go through
On the night when his Christmas deliveries were due!

Here's the dependable way he now beats the clock:
*Swift**RAILWAY EXPRESS** helps in moving his stock!*

The big difference is

RAILWAY EXPRESS AGENCY

Especially during the holiday season—when dependable deliveries are so necessary—it pays more than ever to specify Railway Express. Whether your shipment is moving by rail or air, whether you're sending or receiving, Railway Express makes the big difference in speed, economy, and safe, sure delivery.

• • •

Railway Express, through its network of one third of a million miles of co-ordinated rail, air, water, and truck routes, is ready to handle your important holiday traffic.

Again, as a contribution in the public interest, RAILWAY EXPRESS will take your orders for CARE.

. . . safe, swift, sure

Will It Be Ike in '56?

PARTY CHAIRMAN'S VIEW OF PRESIDENT'S PLANS

There is a new wave of speculation whether President Eisenhower, despite his heart attack, will seek a second term. It was started by Leonard W. Hall, the Republican National Chairman, during a visit to Gettysburg.

Mr. Hall had a long session with the President. They talked of party finances, the 1956 Convention and campaign plans. Then Mr. Hall emerged to state an "opinion" that the President will run again "if he feels able."

A battery of newspapermen cross-examined Mr. Hall for half an hour as to the basis for his "opinion." Questions and answers from this exchange are printed below.

Following are extracts from the transcript of a press conference held by Leonard W. Hall, Chairman of the Republican National Committee, after talking with President Eisenhower at Gettysburg, Pa., Nov. 28, 1955:

Mr. Hagerty [Press Secretary James C. Hagerty]: Mr. Hall was with the President this morning for 45 minutes in his office on the first floor of the post office. And without any further ado, I would like to turn this meeting over to the Republican National Chairman, Mr. Hall.

Mr. Hall: Gentlemen, this is the first time I have seen the President since a week before his illness. You will recall that we had breakfast with him and the 48 State chairmen just a week before September 24.

I am happy to say that all of the reports about his condition have been confirmed.

He looks a million per cent, and I have never seen him looking better.

I will say this, too, that he is keeping in touch with what is going on.

I think we discussed a little bit of the foreign situation—local issues like the farm problems—preparation for the convention—the campaign—and also the finances of the Republican Party.

And he seemed to not only know a lot about it already but he indicated clearly that his interest is a continuing one.

Now, from there on, I will let you fellows take over.

Q: Mr. Hall, did he indicate it would be continuing beyond 1956 in a more direct way?

Mr. Hall: Well, I can only speak on my own opinion, and I will say I am very much encouraged.

Q: Did you ask him if he was going to run?

Mr. Hall: No. Of course, all of you know that the question of the final examination—the physical examination some time at the end of January must be had, and naturally I wouldn't ask that question at this time.

Q: You are interested in it, though?

Mr. Hall: I am interested. Again, let me express—and it is only my personal opinion—if I could put it in just a few words—I would say I think he will, if he feels he is able.

Q: Will what?

Mr. Hall: I think he will. The question is whether or not he would be a candidate. My answer would be—this is my personal opinion—I think he will, if he feels he is able.

Q: Did he indicate that to you this morning in any way, Mr. Hall?

Mr. Hall: I am only expressing my own opinion.

Q: Would you say that he is taking over active political command of the party as of now?

Mr. Hall: I would say he never relinquished it. From my talk with him this morning, he has kept in active touch with what is going on. And on certain matters, of course, I brought him up to date as to what we are doing from the standpoint of the campaign, from the standpoint of finances and from the standpoint of the convention.

Q: Who—where—how did he keep in active touch?

Mr. Hall: I beg your pardon?

Q: How did he stay in active touch with what is going on during the last few weeks?

Mr. Hall: All I can say to you—I repeat—is that from my talk with him—it is indicated to me that he has been following what is going on.

Q: Mr. Chairman, on what do you base your opinion that he will be a candidate if he is able?

Mr. Hall: Well, that is my own personal opinion. I state that, and I can't expand on it.

Q: Did the—did you get the impression that the President had not yet made up his mind on that point, or that he has made up his mind?

Mr. Hall: I can only express my own opinion. You gentlemen know, too, that he has these physical examinations coming up, which perhaps will have some bearing on it. So from the over-all picture, all I can give you is my personal opinion.

Q: Do you think he will announce shortly after he gets the report from the doctors—January—February?

Mr. Hall: That I don't know, and in my opinion that is not important. That decision is his and, when he makes it, will be entirely of his own making.

Q: You did discuss the timing—

Mr. Hall: I did not. I never felt that is important.

* * *

Q: Mr. Hall, you said you are basing the campaign on the premise the President will run?

A: I beg your pardon?

. . . Candidacy: "President did not say yes and did not say no"

Q: You said you are basing your campaign on the premise that the President will run, and you are making no changes in that?

Mr. Hall: As far as I am concerned, there is no other candidate.

• • •

Q: Mr. Hall, was the 1956 presidential campaign mentioned today by the President?

Mr. Hall: Generally, yes. We discussed—

Q: Did he say to you whether he would or would not run?

Mr. Hall: I think I have answered that as much as I can.

Q: What did you talk about in connection with the campaign?

Mr. Hall: We talked about the campaign generally. We even reminisced a little bit about 1952.

• • •

Q: Did you in any way, directly or indirectly, receive from the President this morning an indication that he would run next year?

Mr. Hall: I can only say—give you my opinion—I did not get anything directly or indirectly. He did not say yes and he did not say no.

Q: What I am trying to ask is whether your opinion—which you have now given us—is based upon what you heard this morning?

Mr. Hall: I said at the beginning I felt encouraged by the meeting. Then I repeated how I felt about it. That is my own personal opinion.

Q: Mr. Hall, do you feel better about the President running next year than you did when you saw him last time—September, I think?

Mr. Hall: Well, I feel encouraged by the meeting this morning.

Q: Mr. Hall, Senator Knowland has said that he thought the President ought to announce before January, so that if he is not going to run, another candidate would have a chance. Do you disagree with that?

Mr. Hall: My statement is that I don't think that is important, and I think that decision is entirely up to the President and the date of it is not important.

• • •

Q: Mr. Chairman, you said a moment ago that it was your opinion he would run, but you put a qualification on it: "If he is able."

Mr. Hall: If he feels he is able.

"I Can't Expand on It"

Q: What is your opinion as to whether he will or not, without that qualification? You presently feel that he will run?

Mr. Hall: All I can say in answer to that is, I can't expand on it. I feel encouraged. But as you know, the—there is, I repeat, the physical examination coming up, I think around the end of January. Those intervening factors are there, so that is the reason why I put it as I did.

Q: Mr. Chairman, you feel encouraged solely on the basis of the optimistic reports on his health?

Mr. Hall: Also I feel encouraged because of the—his attitude and his interest in the issues of the day. There is a real, continuing interest in what is going on, and it goes beyond today or tomorrow.

Q: Mr. Chairman, was there any understanding between you and the President about what you would say here afterwards?

Mr. Hall: No, sir.

Q: You do not feel, then, that you are violating in any way any talks you had with him?

Mr. Hall: No, I do not.

Q: In the remarks you have just made?

Mr. Hall: That's right.

Q: Mr. Chairman, did the President say anything to you about how he is feeling? I am speaking of his health now.

Mr. Hall: He said he was feeling good.

Q: You mentioned that the President shows a great deal of interest in what is going on. Did he express any interest as to what the Democrats are doing right now—the criticisms that have been made—

Mr. Hall: Well, we discussed, for instance, the—a little bit, the farm issue, and the President indicated awareness of the situation—concern. And this is my own opinion, I have said it before: that this Administration, under Dwight D. Eisenhower, has met other great problems, and in my opinion they will meet the farm problem.

—United Press

CHAIRMAN HALL WITH MR. EISENHOWER
"We talked about the campaign generally"

Q: How did he react to the Democratic criticism in the last few days?

Mr. Hall: I don't think that he showed any particular reaction.

• • •

Q: Mr. Chairman, could I ask you one question? Your personal belief or—that you have, has it been changed or altered in any way by your conference this morning; or it was the feeling that you carried with you before you went into the conference?

Mr. Hall: I feel better about it.

• • •

Q: Is that "feeling better" based upon something that you heard this morning?

Mr. Hall: I will state it again: I feel better about it after the meeting this morning.

Q: Based on what you heard, or what?

Mr. Hall: Based on the whole meeting.

• • •

Q: Did the President mention Stevenson this morning at all?

Mr. Hall: No, he did not.

Q: Did he mention any Republican figures that have

. . . If Ike runs, will it be same ticket? . . . "Yes"

been talked about, like Goody Knight, Knowland—anybody like that?

Mr. Hall: No.

Q: Were any Republican names discussed at all?

Mr. Hall: They may have been, but not in relation to any particular incident.

Q: Then the President was talking mainly about his own attitude? He did not mention the names of people by name, and we assume that he concentrated mainly on his own attitude toward the party?

Mr. Hall: He also, as he always does, speaks about the party being a cause—having a cause to fight for. And of course he—as he always does—he is very proud of the team that he has in Washington, and he mentioned their names.

Q: Mr. Hall, you said, "I feel better about it after the conference this morning." I assume the "it" you are talking about there is the prospect of the President running?

Mr. Hall: That's right.

Eisenhower and Nixon

Q: Mr. Hall, if your hope comes true, that the President runs again, would you expect it to be the same ticket? I am speaking of the Vice President now?

Mr. Hall: I would—my answer to that would be yes.

Q: Are you reflecting the President's feeling on that?

Mr. Hall: On that I am expressing my own opinion.

Q: Mr. Chairman, you say that he is very proud of the team in Washington. Did he mention Nixon at all this morning—the Vice President?

Mr. Hall: He did. How it came up is just—the—the particular incident I don't know, but he mentioned several members of the Cabinet. In fact, he saw Mr. Mitchell this morning. But—in other words—I told him, too, how proud I was of the way the team had carried on in his short absence; and I also expressed to him my feelings with respect to how the Republican organization had held together and stood in line during this period, all along the line.

* * *

Q: One other thing: Could you say, did you and the President discuss whether or not he would run?

Mr. Hall: No. Not as a specific situation, no.

Q: Do you remember exactly what the President said about Vice President Nixon? I mean what—what he actually had to say about him?

Mr. Hall: Discussing the Cabinet meeting as a team, as he put it, as a whole. And I expressed my feelings about it, and he in turn expressed his.

Q: One other question, sir. Assuming that Mr. Eisenhower now runs again, would you care to discuss what margin he will win by, or what the prospects are? About 7 million votes? 8 million votes? What is your idea?

Mr. Hall: Well, I will tell you what. You can add this up better than I can. Every poll that we take and every poll that other pollsters take indicates that the President is running 78—80 per cent.

It looks to me as if the candidate running opposed to him wouldn't carry even the nine States that Mr. Stevenson carried in 1952.

Q: How do you feel about the South? Do you think that if the President ran that he would be as strong in the South as he was a few years ago?

Mr. Hall: No doubt about it. In fact, stronger; for this reason: In 1952 there was no political organization to—which you might call a Republican organization in the South.

In 1956 we will have going concerns, real Republican organizations, working in every State in the South. We have been and we will continue to run Republican tickets in municipal elections. And you will recall, too, that in 1952, while the President carried some 90 congressional districts in the South, we didn't have any candidates on the Republican ticket in most of those districts.

This time we are going to run candidates in many, many districts in the South on the Republican ticket that never saw a Republican candidate.

Q: Don't you think that the segregation question will have any effect?

Mr. Hall: Not at all. I have been through the South since the decision of the Supreme Court, and I think the South, generally speaking, like every other part of the country, takes that as the last word and the law of the land.

* * *

Q: Len, you mentioned as one of the topics you did discuss with the President, that of foreign policy—

Mr. Hall: Just generally, that's right.

Q: The President and Senator George in recent days have sought to rule it out of the political campaign. Was yours a nonpolitical discussion of foreign policy?

Mr. Hall: Well, I would say that the President indicated praise of Senator George—and now I am only expressing my own opinion, as I did before, and I didn't express to—you are asking about what I expressed to the President. I didn't express anything to the President about Senator George or anyone like that.

Q: Do you think foreign policy can be kept out of the campaign—both defensive, administrative, foreign policy and criticism by your opposition?

Mr. Hall: I don't know, but certainly it is not going to be kept out of the campaign if we have the Harrimans running around saying what they are today, because it will only be necessary for us to compare. And I think comparison will certainly indicate to the people which Administration has the proper foreign policy, having in mind the interests of the people of the United States and the interests of the free people of the world.

Q: Mr. Hall, you have mentioned only Harriman so far. Do you assume, then, that Harriman will be the Democratic nominee?

Mr. Hall: Well, he is running pretty well.

* * *

Q: How about on September 24th? How did you feel? The same way?

Mr. Hall: I beg your pardon? Well, I think I had the same shock that all Americans had at that time.

Farm Problem Discussed

Q: On the whole subject of farm policy just once more, did the name of Secretary Benson come up in the conversation? I mean, any further talk on the—criticism of Secretary Benson?

Mr. Hall: Not in the sense of any criticism of Mr. Benson, but a general discussion of meeting the farm situation.

Q: Mr. Hall, did the President today say, as he did to the State chairmen the last time you saw him, that the party shouldn't pin all of its hopes on one man?

Mr. Hall: No, he did not say that. But I would say that, if asked, he would have said the same thing, because he always speaks that way. He speaks of the situation in terms of a team. As "we," not as "I"—the first person. He always does that.

1 City of Merced leaves March Air Force Base, heads for Sacramento at 35,000 feet, 500 miles an hour.
2 Approaching target area, K System flies B-47 on precise course, computes bombing data, releases "bomb" at proper instant.
3 Electronic observer shows "bomb" would have landed directly on target.

"CITY OF MERCED" CREW WINS SAC COMPETITION

B-47 Team Pinpoints Sacramento "Target"

THE STORY BEHIND THE STORY:

■ It made September headlines when a most important "Series" was won by a three-man team, a Boeing B-47 bomber and its precision electronic equipment. The "Series" in this case was the annual competition to test the effectiveness of bombing and navigation by our Strategic Air Command. Top-flight crews from SAC bases each flew 9000 miles on simulated missions, demonstrating the extreme accuracy of our strategic bombers.

■ Piling up more points than any other team in the contest, the men of the "City of Merced" earned the title of "the world's deadliest bomber crew." On one of their runs the target was the northeast corner of an industrial plant in Sacramento. Flying nearly seven miles above the earth and at a speed of nearly 500 miles an hour, the "City of Merced" dropped its "bomb" within a stone's throw of the designated target.

■ Working all the way for the Navigator-Bombardier-Observer was the K Bombing Navigation System. This system, developed for the Air Force by Sperry, first sighted the target by radar. With the Observer keeping the cross-hairs directly over the target on the radar scope, the K System automatically navigated, flew the plane, compensated for the effects of speed, altitude and wind on the "bomb" to be dropped, and then released the "bomb" at the exact instant required to assure the direct hit.

■ SAC's rigid competition is dramatic proof of what the Air Force is doing to discourage possible aggressors—by making certain an aggressor nation will be hit surely and swiftly should it take belligerent action. And the K Bombing and Navigation System is another example of Sperry's ability to produce equipment which helps assure the success of military missions.

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CAN WE END OUR TOOTHACHES?

Experts Say Fluoridation Works, but—

Controversy over "doctored" water keeps getting hotter.

Some cities have decided to stop treating water supplies with sodium fluoride. Charlottesville, Va., is the latest.

Most experts endorse fluoridation, insist it helps prevent tooth decay and does not endanger health.

Many people, despite this assurance, still aren't convinced.

CHARLOTTESVILLE, Va.

In this community, home of the University of Virginia, the city fathers have given orders to suspend fluoridation of the water supply.

Here, as in communities all across the country, there is a deep feeling and argument over whether to add sodium fluoride to the city water.

At the moment, 22 million Americans in 1,123 communities are drinking fluoridated water. This is intended to help children develop teeth that will be more resistant to decay. The official evidence is that people who drink fluoridated water from infancy have only a third as many decayed or missing teeth as people in communities where the water contains no fluorine.

Yet, a storm of protest from those who oppose fluoridation has caused at least 27 communities to discontinue fluorine treatment of water. The tendency is for local governments not to take sides, to let the issue be decided by popular vote.

One town's battle. In Charlottesville, fluoridation of water was started in 1951. This year some people became alarmed by literature opposing it. These citizens formed a "Safe Water Committee" and started to campaign. On October 17 the city council discontinued fluoridation, pending further study.

Townsfolk flocked to the courthouse recently for an open meeting of the city council, at which the issue was threshed out. The six-hour session was broadcast. A large faculty group of the medical school of the University of Virginia, as well as local physicians, dentists and health officers, spoke in favor of fluoridation. The Safe Water Committee brought witnesses from other cities to insist that fluoridation was dangerous.

In the end, the council decided, in effect, that doubt remained and held to a non-fluoridation policy—at least until a new committee could make a study of it.

The trouble. What this fight, breaking out from one end of the country to the other, is all about is simply this:

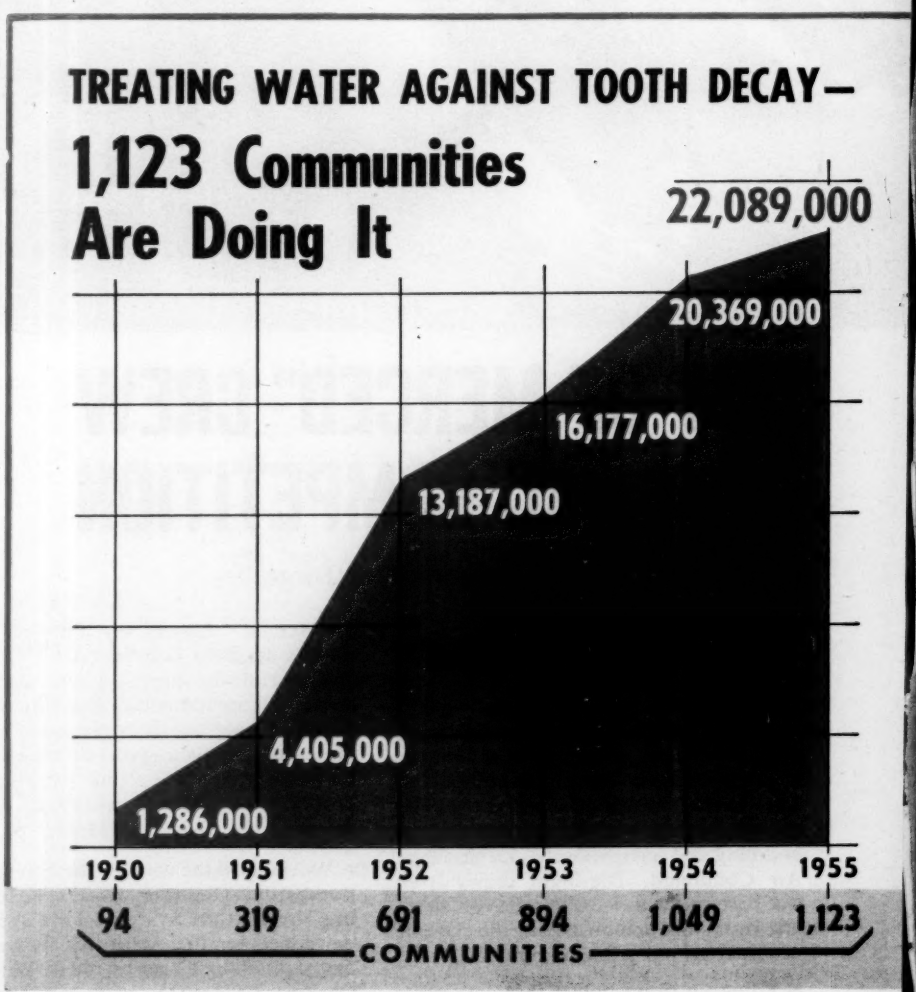
About 10 years ago dental researchers concluded that an inadequate supply of fluorine in the body accounted for most tooth decay. They decided that fluorine could safely be added to drinking water.

The technique is to put about 19 pounds of sodium fluoride into each million gallons of water. This is supposed to provide enough fluorine to enable children to develop healthy teeth, yet leave the water tasteless and odorless.

Fluorine is a poison if taken in large doses. Backers of the program admit this, but they contend it is inconceivable that enough of it could be dropped into the water supply, accidentally or with criminal intent, to cause illness.

Dr. Francis A. Arnold, Jr., director of the National Institute of Dental Research, says it would take about 4,600 pounds of sodium fluoride to a million gallons of water to have even a slight poisoning effect on the average person. To make water poisonous enough to produce death, he says, you would have to dump in 80,000 pounds, or 40 tons, to each million gallons.

Dr. Arnold points out also that chlorine is added to nearly all city water supplies as a sterilizer, with no ill effect. Yet chlorine, too, is a poison when in



Source: U.S. Public Health Service

concentrated form. Chlorine is used to make poison gas or hydrochloric acid. In drinking water it has a smell and a taste.

Opponents of fluoridation, however, take the attitude that the effect is like the fall-out from hydrogen bombs. Some people fear that strontium from the fall-out material will be gradually absorbed in human bodies. Fluorine in water, it is argued, might be stored in the bones. Some claim that it is already causing illness in cities where water is fluoridated.

"Safe water" victories. These arguments have made enough impression to cause many cities to stop fluoridation after using it for years. More than half the 231 cities that have voted on fluoridation in referendums have turned it down. In hundreds of other communities, mayors and city councils have decided against fluoridation.

Seattle turned down a fluoridation plan after a long battle. Akron, Ohio, after a two-year fight, decided in January, 1954, to fluoridate. But the pressure against it suddenly shot up, and in March of that year the city council reversed its decision. Cincinnati had the machinery set up and was all ready to fluoridate in 1953, when a radio commentator opened a campaign against it. In 10 months the city took a vote and turned it down.

New York is still debating the question. Among the large cities that now fluoridate are Philadelphia, Baltimore, Washington, Pittsburgh, St. Louis, Indianapolis, Milwaukee, St. Paul, San Francisco and Miami.

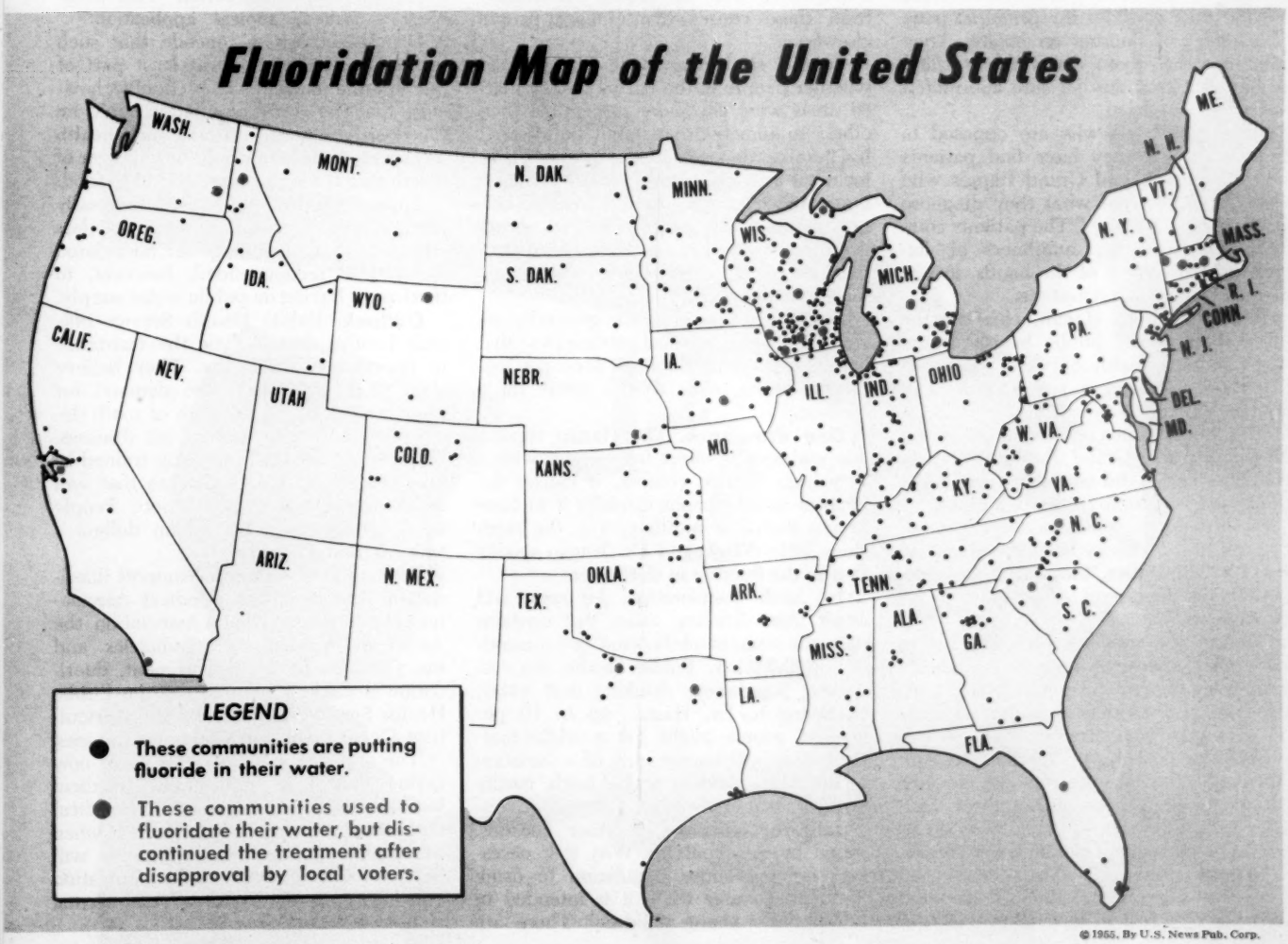
Test towns. It is in two smaller communities that you learn most about what happens when cities put sodium fluoride in their water mains. They are Newburgh, N. Y., and Grand Rapids, Mich., where fluoridation was begun as a test in 1945.

At the start, children's teeth were examined carefully, and a count was made of all teeth that had cavities or fillings, or were missing. As a check, a similar record of children's teeth was made in Kingston, N. Y., and Muskegon, Mich., where water was not to be fluoridated. The New York State Department of Health conducted the Newburgh-Kingston study, and the U. S. Public Health Service ran the Grand Rapids-Muskegon study.

In 1945, the condition of the children's teeth in all four cities was about the same. Now, after 10 years, the children of Newburgh and Grand Rapids, who have been drinking fluoridated water, are shown to have only about one third as much tooth decay as those in the two unfluoridated cities. In the latter, the children have as much tooth decay as those who were examined there in 1945.

Fluorine is reported to have had the same beneficial effect on the children's first, or "baby," teeth as on the permanent teeth. The best results have been achieved with youngsters who have drunk fluoridated water all their lives, for it is in the earliest years that teeth are formed. But substantial benefits are reported for older children, even those who did not start drinking fluoridated water until they were 5 or 6 years old.

The success reported in the Newburgh and Grand Rapids tests caused hundreds of communities to begin fluoridating their water. Dentists were enthusiastic because it was the first time in history



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DOES FLUORIDATION REALLY WORK? One Study Shows This

In Newburgh, N.Y., where for 10 years water has been fluoridated—

94 instances of tooth decay are reported for each 100 children 6 to 10 years old.

In Kingston, N.Y., where water never has been fluoridated—

240 instances of tooth decay are reported for each 100 children 6 to 10 years old.

NOTE: *Figures include decayed, filled or missing permanent teeth.*

Source: N.Y. State Dept. of Health Photo: Black Star

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that a method had been offered to prevent tooth decay in entire populations.

Health angle. These demonstrations, nevertheless, have not deterred the opponents of fluoridation from hammering at what they consider the principal issue—the effect of fluorine on health. They point out that tooth decay never killed anyone, but they are not sure fluoridated water will not do so.

Some physicians who are opposed to fluoridation say they have had patients from Newburgh and Grand Rapids who were suffering from what they diagnose as "fluoride poisoning." The patients complain of backache, numbness of fingers, loss of control of the hands, loss of memory and other symptoms.

Dr. Thomas L. Hagan, chief of the division of dental public health of the U. S. Public Health Service, comments that there has been no scientific proof of any such "fluoride poisoning."

The medical men who worked on the Newburgh and Grand Rapids tests say that fluoridation did not in any way affect the health of people in the two cities.

But the opponents make another point. Even if no ill effects have shown up in the 10-year studies, they say, there may be harmful long-term effects—say, in 20 or 30 years.

To seek the answer to this, Dr. Hagan and other scientists have made investigations among populations that have been drinking fluorine-bearing water all their lives—people who live in areas where water has a natural fluorine content. About 3.5 million persons live in such places. Some of the water there contains 8 or 10 times as much fluorine as would be placed in a public water supply.

In one study, the death rates from heart disease, cancer, kidney disease and cirrhosis of the liver were reviewed, because the possible effect of fluorine on those conditions had been questioned. It was concluded that among persons who spent their lives in naturally fluoridated areas, there were no higher death rates from these causes than among people elsewhere.

Another study was made to determine whether people in the naturally fluoridated areas were any more susceptible than others to ailments that might be affected by fluorine deposits in the body. These included arthritis, blood-pressure changes, bone malformations, thyroid trouble, kidney stones. The people studied didn't get these disease at any higher rate than the people in areas where water contained no fluorine.

Dr. Hagan says it is now generally accepted among medical authorities that water containing fluorine does not endanger health, even if it is drunk for a lifetime.

One drawback. Dr. Hagan reports one undesirable effect from water with a very high fluorine content. It causes the teeth of many persons drinking it to have brown stains, or mottling. Yet, the teeth show little decay, and Dr. Hagan credits that to the fluorine in the water.

No such discoloration, he says, will result from drinking water that contains only the amount of fluorine recommended by the U. S. Public Health Service. Among populations drinking that water, according to Dr. Hagan, up to 10 per cent of people might get a white mottling. This will consist only of a variation in the white shading of the teeth, hardly noticeable to anyone but a dentist.

Just for children. Another question raised by opponents is: Why is it necessary for the entire population to drink fluoridated water when it is intended to benefit only young children? There are other ways to get fluorine into children's teeth. It can be put into their milk or mixed with salt. Fluorine can be swabbed on the teeth at intervals during the child's early growing period. This treatment is called "topical application."

Dental authorities concede that such methods would provide at least part of the fluorine needed. They doubt, however, that the entire population could be relied on voluntarily to take such health measures. And there would be a danger of overdosing if fluorine were added to food.

Topical application, even if universally used, has been shown to be much less effective than drinking of fluoridated water. It is recommended, however, in rural areas having no public water supply.

Outlook. Public Health Service officials believe that in time the resistance to fluoridation will cease. They believe there is a growing public demand for some answer to the problem of tooth decay—the most prevalent of all diseases. Not enough dentists are being trained to take care of all the toothaches that will afflict the growing population. People now are spending 1.5 billion dollars a year on dental health.

Top medical authorities support fluoridation: the American Medical Association, the American Dental Association, the American Academy of Pediatrics and many others. In the Government, fluoridation is backed not only by the Public Health Service, but also by the Agriculture Department and all armed services.

The opponents of fluoridation are now saying that it is "just another medical fad" and is on its way out. But medical authorities are envisioning the time when practically all public water supplies will be fluoridated and the entire population will have only one third as much dental trouble as it now has.

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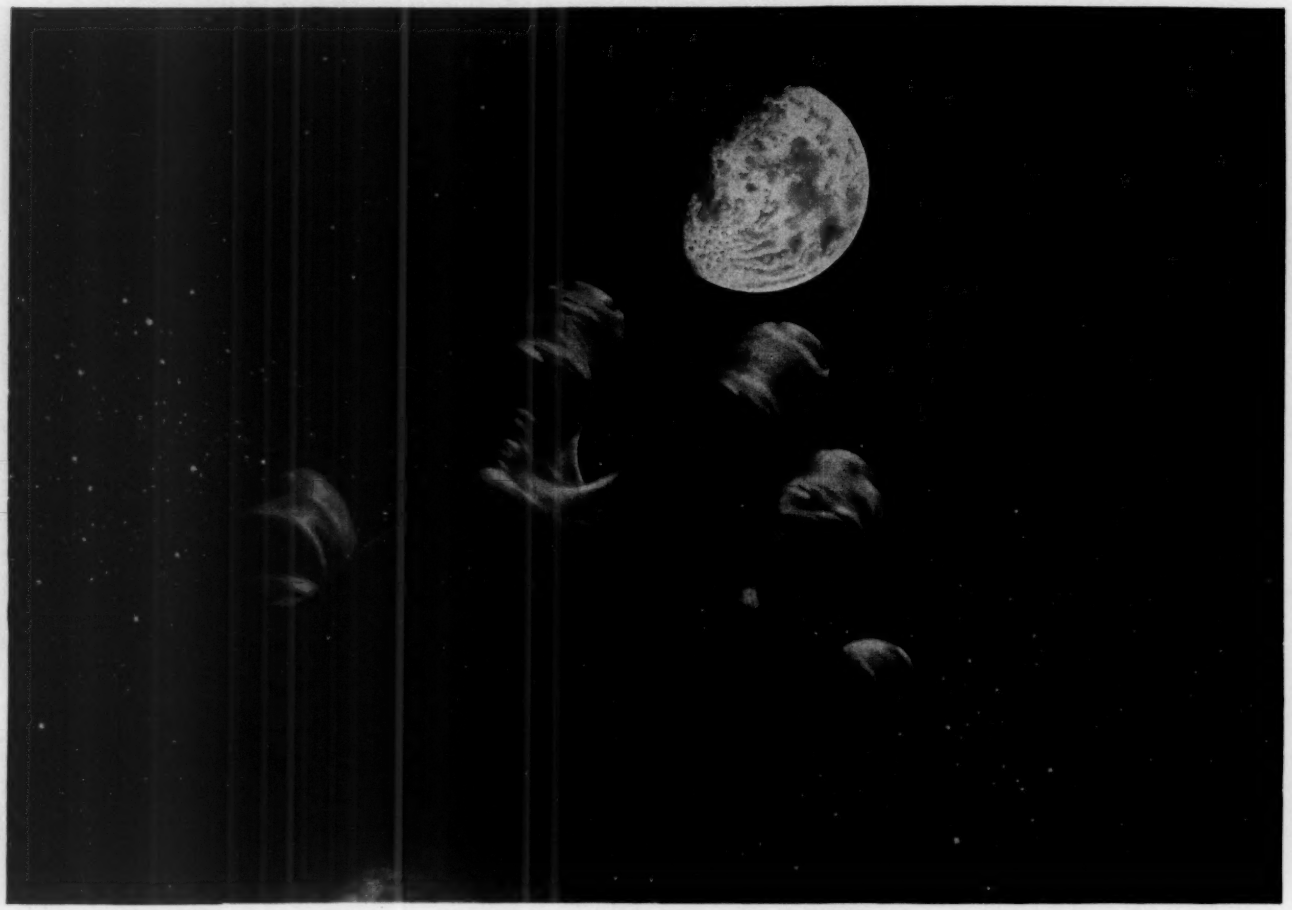

Reaching for the moon

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today it's a progress report on scientific research

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This Is the Ford Foundation—

3 Billion Dollars and Lots of Ways to Spend It

Toolmaking in India, jury tapping in Kansas, mental health in many States—all hint at the scope of the Ford Foundation.

It's the world's richest foundation, will be even richer once Ford stock goes on the market, and the Foundation is tax free.

Where does the money go? Into nearly anything from civil liberties to TV. And there are billions on tap.

NEW YORK

After stock in the Ford Motor Company is sold to the public next month, assets of the Ford Foundation will skyrocket above 3 billion dollars. For financial size, that is to be something new in tax-free foundations.

At present, before the sale, assets of the Ford Foundation are carried on the books at about 493 millions. These assets include principally 3,089,908 shares of Ford stock at $135 a share. When those shares are split 15 for 1 and priced between $60 and $70 a share, Foundation assets will automatically be marked up.

The stock market, from this point on, will determine the value of Ford stock.

In the process of letting the market fix the price, the Ford Foundation will realize a large capital gain on the shares sold. The plan is to sell 6,952,293 of the new shares, and more than 450 million dollars is expected to be realized. If an individual or a corporation made such a gain, the Government would insist upon taking 25 per cent in taxes for its own use. A tax-free foundation, however, may keep all of the dollars it collects through the sale of assets.

Following the 15-for-1 split, the Foundation will retain 39,396,327 shares of Ford stock. It is expected that in years ahead additional blocks of this stock will be offered to the public, but the Foundation is likely to continue to keep at least 50 per cent of its present Ford holdings.

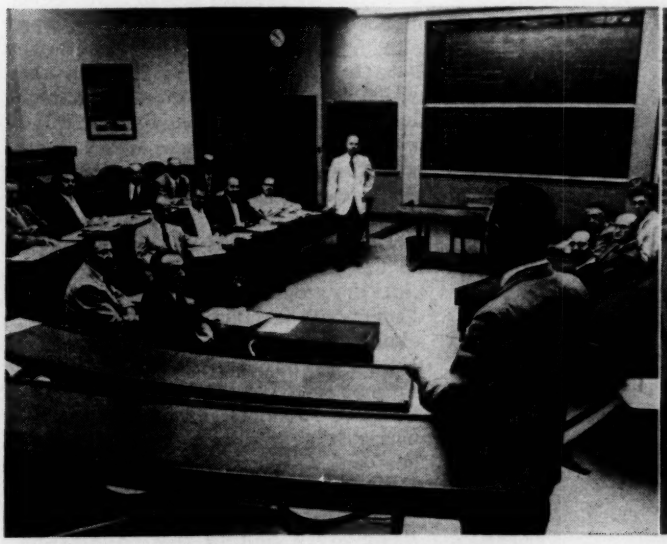
A new investigation? A tax-free institution with assets as large as those of the Ford Foundation is beginning to be viewed by some members of Congress as a subject for congressional investigation. Indeed, two investigations of the tax-free foundations already have been made. Questions have been raised about the whole range of these foundations and their activities. In this questioning, it is the largest foundation that is being eyed most closely.

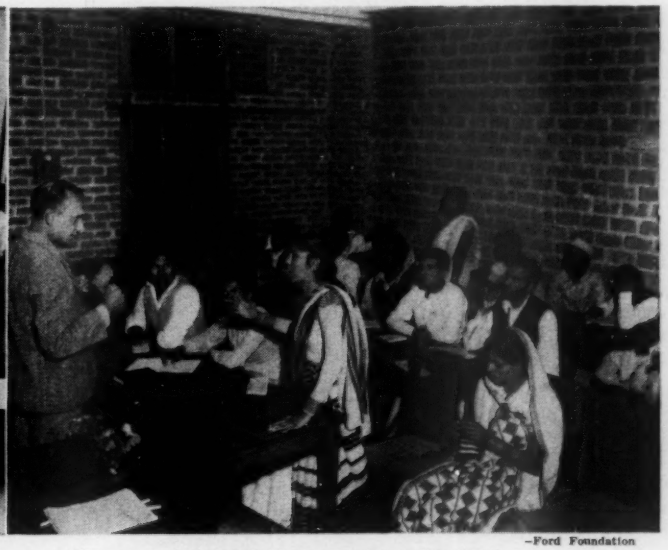
Assets of the Ford Foundation never have been approached by any other organization of its kind. These assets amount to substantially more than half of the combined wealth of all of the 7,000 other philanthropic foundations in the United States. They are almost 10 times the assets of the Rockefeller Foundation, second biggest in the country, and more than 16 times the holdings of the Carnegie Corporation, the third largest.

Public attention has been focused recently on activities of the Fund for the Republic, an offshoot of the Foundation, which was set up in 1951. The Fund has received grants totaling 15 million dollars, of which only about 3 million has been spent. The Fund's aim is to further "understanding of civil liberties." In carrying out this aim, it has sponsored studies and research into such matters as the influence of Communism in the United States and the operations of the loyalty-security programs of the Government. These studies have led to trouble and to charges that the Fund actually tends to minimize the Communist threat.

The tie between the Fund for the Republic and the Ford Foundation appears quite close. President of the Fund is Robert M. Hutchins, former chancellor of the University of Chicago and once an associate director of the Ford Foundation. The Fund's chairman is Paul G. Hoffman, once president of the Foundation and former administrator of the Marshall Plan for foreign aid.

Controversy over the Fund for the Republic has led to inquiries by the





—Ford Foundation

TRAINING U. S. TEACHERS IMPROVING INDIA'S SCHOOLS

Recently, about two thirds of all Ford grants have dealt with education

House Committee on Un-American Activities and the Senate Internal Security Subcommittee. Its status as a tax-exempt organization is said to be under review by the Internal Revenue Service and further congressional investigations are promised.

Such controversy brings numerous complaints to the Ford Foundation and to the Ford Motor Company itself. Foundation officials squirm a bit under these criticisms but, on the surface at least, keep hands off. Their view is that the Fund for the Republic, having once been set up, operates independently of the Foundation, just as do scores of universities and others that get grants.

The prospect is that the Foundation will not make any move in regard to the Fund unless it is disclosed that the Fund for the Republic is spending money for purposes other than those set up in the original grant. A change also would come if the Fund lost its tax-exemption privilege.

A study of the jury system attracted public attention when it was learned that Ford Foundation money helped to finance the activities of people who made secret sound recordings of jury deliberations in six cases in Wichita, Kans. That, too, brought a congressional investigation and agitation in Congress for a law to prohibit any jury tapping in the future.

These criticisms actually are directed at only a fraction of the activities of the Ford Foundation. The jury study is one of three being made on a grant of 1.4 millions. The Fund for the Republic operates on 15 millions. The Foundation, this year, is spending 134 millions, and over the last five years has spent 330 millions. The five-year outlay is larger than the total for the Carnegie Corporation since its organization in 1911, and within reach of spending by the Rockefeller Foundation since 1913.

In the five years ahead, Foundation plans call for a much larger volume of grants than in the five years just past. It might well be that twice as much will be spent in this future period.

Education and its attendant problems has been staked out as the really big field for Foundation action. Of the 330 millions spent to date, 130 millions has gone for education, and recently about two thirds of all grants have dealt with education in one form or another.

The Foundation, for example, is taking the lead in setting up the largest college-scholarship program in history. The idea is to locate outstanding graduates of high schools and make sure that they will not miss a college education because of lack of money.

Scholarships will be granted each year, beginning next June, on the basis

PEOPLE . . . . AND PROJECTS

H. ROWAN GAITHER, JR.
. . . the Foundation's president

THE TV SHOW "OMNIBUS"
. . . has stirred little criticism

—Wide World, Ford Foundation, United Press

ROBERT M. HUTCHINS
. . . heads the Fund for the Republic

of competitive tests in the country's 25,000 high schools, public and private. Winners will receive four-year scholarships to the college of their choice. The awards will cover tuition and, when necessary, living expenses. Each scholarship also will carry with it a grant to the college to make up the difference between tuition charges and the college's actual expense for educating the student.

This program is to be administered by the National Merit Scholarship Corporation, which begins with a Ford grant of 20 million dollars, plus additional sums from the Carnegie Corporation and various business firms. Scholarships are expected to be provided for several thousand students.

A grant has been made to the Fund for the Advancement of Education, to be used particularly to recruit and train teachers and to improve teaching methods in schools, chiefly below the college level. The Education Advancement Fund has been given 57 million dollars. The sum of 50 million is being offered on a participating basis to raise faculty salaries at private colleges and universities. Smaller sums have been given to the Fund for Adult Education, the Council on Foreign Relations and other projects.

International activities. The Foundation has allocated 89 million dollars for aid to other countries. When large-scale giving started five years ago, under Mr. Hoffman, foreign aid seemed to get priority, but a good deal of the money —43 million—is going chiefly for studies of problems abroad by U. S. students and institutions. Typical is the African Studies Program of Boston University.

Even abroad, education gets attention. Grants have been made to the universities of Beirut and Cairo, and one to the Free University of Berlin is said to have helped supplant a rival Communist school. Other activities call for teaching villagers in India to make and repair tools, develop village industries. In Burma, a grant is designed to train people for public administration.

In the field of public affairs, the Foundation has run into some difficulty with the Fund for the Republic and the jury study. But it has met little criticism for the TV-Radio Workshop, which supports the program "Omnibus," or surveys dealing with juvenile delinquency, or the administration of criminal justice, which the American Bar Association is studying on a Ford grant.

Lately, 15 million dollars has been earmarked for studies in mental-health problems and an equal amount to support a study of man's behavior, called the "behavioral sciences," at Stanford, Calif.

The story behind the Foundation. The Ford Foundation became the country's largest philanthropic institution

through the deaths of Edsel Ford, in 1943, and his father, Henry Ford, founder of the company, in 1946. The Foundation was begun by Henry and Edsel Ford in 1936, but its activities were confined chiefly to aiding charities in Michigan until about five years ago.

Edsel Ford, in his will, left most of his Ford stock to the Foundation and Henry Ford followed suit when he died three years later. That made the Foundation owner of about 88 per cent of the Ford Motor Company's stock, although all of the voting stock stayed in the hands of the Ford heirs.

This arrangement enabled the Ford family to save more than 300 million dollars in estate taxes and to keep control of the family business. Had such taxes been assessed in the late 1940s, when the estates were settled, the family almost certainly would have had to sell stock to outsiders and might have had to liquidate, since the Ford company was by no means so prosperous then as it is today.

Now, however, the trustees of the Foundation have decided that they no longer wish to be tied so closely to the company. Their intention is to build a balanced fund of Ford stock, Government securities and stocks and bonds of other corporations. Some of the proceeds from the forthcoming sale of Ford stock will go into grants.

President of the Foundation is H. Rowan Gaither, Jr., of San Francisco, a lawyer and administrator. He gained administrative experience as assistant director of the wartime radiation laboratory at Massachusetts Institute of Technology, which aided in radar development. He headed the study committee formed by Henry Ford II, Foundation chairman and president of the Ford Motor Company, to map the Foundation's programs and policies. The trustees apparently were so impressed with this study that they named Mr. Gaither to succeed Mr. Hoffman.

Expansion ahead. Mr. Gaither now is prepared to guide the Foundation on a vastly expanding program. The intention is not only to spend the annual income of 100 millions to 150 millions a year, but to dip into capital from time to time as the need arises. These needs are expected to be large. The educational crisis alone, said Mr. Gaither in his latest annual report, "is imminent, complex and impossible of quick solution." Prospects are that educational studies, schools and colleges are to get more and more Ford money.

The over-all purpose of the Foundation is "to advance human welfare," and the staff and trustees are convinced that they can use 3 billion dollars to good advantage.

GRANTS BY FORD FOUNDATION: $330 MILLION IN FIVE YEARS

What the Foundation Is Worth—
$3 billion

Income of the Foundation—
$100 million a year *(1955 estimate)*

WHERE THE FOUNDATION'S MONEY GOES

In five years, 1951-55, Ford Foundation has made these grants:

FOR EDUCATION IN U.S.	**$130 million**
Grants to colleges to raise faculty salaries	$50 million
Recruiting and training of teachers	$57 million
Scholarships to high-school graduates	$20 million
Support for studies of history, geography, etc.	$ 3 million
FOR AID ABROAD	**$89 million**
Aid to underdeveloped countries; fellowships for foreign students; promotion of new ideas to utilize resources.	
FOR PUBLIC AFFAIRS IN U.S.	**$52 million**
Educational TV; group discussions of public issues	$30 million
Civil-rights studies by the Fund for the Republic	$15 million
Civic-affairs assistance, court surveys, etc.	$ 7 million
FOR ECONOMIC STUDIES	**$14 million**
Resources surveys; research on practices of American businesses and unions; wage-price surveys.	
FOR STUDIES OF MAN'S BEHAVIOR	**$15 million**
Aid to college programs in psychology, other social sciences; maintenance of center for advanced study in "behavioral sciences" at Stanford, Calif.	
FOR MENTAL-HEALTH RESEARCH	**$15 million**
FOR MISCELLANEOUS PROGRAMS	**$15 million**

TOTAL spent or earmarked in five years, 1951-55 $330 million

Basic data: Ford Foundation

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Interview—with GEN. CURTIS E. LeMAY
Chief of U.S. Strategic Air Command

"WE MUST AVOID THE FIRST BLOW"

America's Strategic Air Command is on the alert 24 hours a day to respond instantly to orders that may come in the event of sudden war. At the head of that command is General LeMay—foremost authority in the world today on strategic bombing.

There has been much discussion in military circles lately as to whether the first blow struck by an enemy in a nuclear war might be so paralyzing as to prevent or render ineffective any retaliatory action.

To get the answers to this and other questions concerning air combat today, editors of *U. S. News & World Report* recently interviewed General LeMay at Offutt Air Force Base, Omaha. The full text of the interview, as subsequently cleared for publication by the appropriate authorities in Washington, follows.

At OMAHA

Q While you have to give your thoughts primarily to fighting a war, General LeMay, do you conceive of strategic air power as winning its greatest triumph if it deters war?

A Yes. We consider that our primary mission around here.

Q Would you say that public knowledge of the potential strength of our Air Force is absolutely essential, psychologically at least, in deterring a possible enemy?

A Yes, I do believe that. I believe that we should make no secret of our general striking power. I do not think, however, that we should announce our defensive strength.

Q A good deal has been published already—do you believe that this has been done with any threatening purpose?

A No. I think that the actions of the United States have not been threatening in any way.

Q When we discuss possible targets in the area of a potential enemy, is our purpose to demonstrate the futility of conflict?

A The Air Force does not publicly discuss any possible targets.

Q There has been in recent years a good deal published in a general way on what bombers are capable of doing in the way of reaching targets. There has been a good deal of discussion even in the Russian press about target aims, and so on—

A We should give all people in the world a general knowledge of the capabilities of modern weapons, especially those that we are equipped with at the present time, so that they may see the futility of war.

Q With your knowledge of how our air strength has been developing in recent years, would you say that our air power, which could inflict this terrific damage, has played a part in influencing the great sentiment sweeping the world to try to avoid war?

A I think so. I believe our air power and the atomic weapons that we have had since 1945 have been a major deterrent to war.

Q So, it is not correct to assume that all a military man wants is a chance to fight?

A Not this one.

Q Recently there has been considerable emphasis on methods of working out peaceful relations with the Soviet. How can you maintain the morale of your fighting force if the impression prevails that we will not have to use any of this—that it is superfluous or may become superfluous?

A Well, I think the very fact that our people are working on a deterrent force rather than a fighting force is the thing that has maintained their morale. We are operating the Strategic Air Command now, when you get right down to it, with a group of highly dedicated, well-trained people who have spent their lives at it. And I know that I can only get the work out of them that I am getting because they believe in what they are doing and are sustained by the success that they have had with it so far.

Q I suppose that this phrase, "massive retaliation," which has been used now for at least two years, has meant primarily the Strategic Air Force—that's the instrument of massive retaliation?

A The Strategic Air Force has the capability of launching the heaviest blows, but other striking forces would play a part.

Q In a sense, you are responsible for the application of "massive retaliation," then—

A I am confident that we will get into the act quickly if there is a general conflict.

Q Would that be your primary responsibility? You would be looked to for instant operations, co-ordinated, of course, with the rest of the forces?

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The More Interception, the Better for Us . . . Next War Will Be Short . . . Bombers Must Be Ready to Ward Off Surprise Attack

A We expect that. We expect to go at the earliest possible time, and we never do anything, in the way of training or testing units, without first thinking about what we would do if war did come this morning or this afternoon.

Q Many people have been wondering whether, if the enemy struck the first blow, we wouldn't be at a disadvantage. Is there any way in which air power can intercept that first blow before it reaches us?

A We have our air defense system, and certainly it is efficient enough to intercept some enemy attacks. However, I think most authorities agree that you cannot stop a well-planned, well-co-ordinated air attack once it gets under way. Some of the bombers are going to get through. The percentage of the bombers that are shot down versus the percentage that get through is a flexible figure that depends upon the relative effectiveness of the offense versus the defense at that particular time.

Q Actually, the first blow starts when the planes get off the ground in enemy territory, doesn't it—hence, interception must be a very important part of your studies—as to how it can be accomplished?

A It is. And, naturally, the more forces that you can intercept well out away from the borders of your own country, so much the better.

Q So that if we could devise a means—technical, preventive—that would enable us to know when the enemy was leaving the ground and to stop him before he got to our shores, that would be avoiding the first blow?

A It would be very helpful to us.

Q In your deploying of forces throughout the world, how many overseas places are there where not only we but our allies together have planes poised to retaliate in the event that war does break out? Are there hundreds or thousands? I am speaking now of places, not just bases—

A There are a good many airfields overseas, some under direct command of Strategic Air Command, some under other segments of the Air Force, and all of the NATO [North Atlantic Treaty Organization] fields are available to us and to our allies in case of general war.

Q Now we come to the most important thing—about the instant of possible outbreak of war. Are all these various commands co-ordinated under any single authority?

A We do not have a single air command, no. However, General Gruenther is the Supreme NATO Commander, and he has available to him atomic weapons and atomic-delivery forces in the form of tactical air power. The Strategic Air Command operates directly under the United States Joint Chiefs of Staff.

Q Do you think it is possible that there may be different stages of crisis before there are actual hostilities, and that, as

(Continued on next page)

Curtis Emerson LeMay, 49, was, at the time of his appointment as a full general, the youngest man to achieve such distinction since Gen. U. S. Grant.

General LeMay developed much of the tactics and strategy in air warfare used by the Allies in the European theater in the last war. He commanded the Third Air Division, and personally led many of the raids on Germany.

In the Pacific theater, General LeMay, as commander of the Twentieth Air Force, directed the bombing campaign against Japan, including the dropping of the atom bomb, which brought victory without actual invasion. He has been at the head of the Strategic Air Command since 1948.

. . . "Air power can carry out attack without mobilizing"

we approach these different stages, we will be in a different state of alertness, perhaps?

A I think it is entirely possible that might happen. It is my belief that no one wants war, and it is my greatest concern that should one occur it will be the result of a blunder rather than deliberate planning.

Q In modern war, if a nation receives the first blow, that could mean destruction for that nation, couldn't it?

A It could possibly mean that, yes. The modern concept of air warfare contemplates simultaneous nation-wide attacks, and modern weapons are of such potency that you would have widespread destruction in case of a surprise attack instead of localized destruction, as we saw at Pearl Harbor, for example.

Q Is the problem that faces the country today how can it avoid that first blow?

A It is a pressing one, certainly.

Q If a democracy like ours cannot, as we know, engage in a preventive war, then what is the important factor—knowledge of preparations being made by the enemy?

A Well, of course, that helps. I think the important factor is the deterrent force that we have built up to prevent a surprise attack. I can't believe that anyone is going to launch a surprise attack unless he thinks he has a pretty good chance of success.

Q Couldn't this chance of success be great if he could inflict the first blow in a very devastating way?

A That is correct, and we must build our forces so that they are dispersed, not vulnerable, are trained and on the alert, so that we minimize in every way that we can the possibility of being completely surprised.

RETALIATION NOT ENOUGH—

Q Then we can't depend alone on mere retaliation?

A I don't think so—not on retaliation in the sense that we are bombed with a really heavy attack first and then we launch an attack.

Q The only retaliation that would be effective would be if the first attack upon us was not decisive and we were left with enough force to make a considerable retaliation, wouldn't it?

A We must take such actions as are necessary to make sure that our strategic nuclear air force cannot be destroyed on the ground by a surprise attack.

Q And the best way to accomplish that would be what? Dispersal?

A Well, we must do many things. I don't think there is any single solution to the problem. Dispersal will help, yes. Good warning systems, the best Intelligence information we can get, but, above all, good training for our combat crews, and enough of them so that you can keep a substantial portion of them on the alert at all times, so that they only require a very short warning to get out of the way of an attack.

Q By dispersal do you mean not only dispersal within the United States but dispersal around the globe?

A Yes, as part of our collective security arrangements.

Q Should we have sufficient forces to employ in a retaliatory move from points outside the United States as well as from the United States?

A Yes. We should have an organization so trained and so situated basewise that it is perfectly apparent to any enemy that he cannot destroy it in one surprise blow. That adds to our deterrent capability.

Q In the old days—in the old kind of warfare prior to World War I, for example—whenever the enemy engaged in a mobilization, military mobilization, it was so obvious to the other side in advance that they began their attack the moment the mobilization began. Is there a comparable circumstance possible with modern aerial combat?

A I don't think so, no. I don't look for any great mobilization in a future war. I think it is entirely possible for the decision to be rendered before you can mobilize anything in the way of manpower or equipment.

Q I think in some of the recent proposals that were publicly discussed in Europe there was talk that concentration of weapons or concentration of planes, particularly at assembly points, would be in itself a kind of threat or mobilization for the purposes of carrying out a threat—

A Well, you can carry out a really massive attack without concentrating or mobilizing—that's one of the characteristics of air power. You can have it very widely dispersed and it concentrates after it is in the air on the objectives that you have in mind.

Q Up to now, most people have thought that the first blow would come and then we would fight back just as we did after Pearl Harbor—

A Well, I think we must avoid the first blow if at all possible. If that's not possible, then we should buy enough insurance to guarantee that we will survive the first blow—but prevent it from happening if possible.

Q Are overseas bases absolutely essential to us, or are they supplementary?

A I believe they are essential at this time.

Q Doesn't it really mean that if there were ways to perfect the intercontinental bomber, that ought to be given high priority in our future planning?

A Yes, it should be. I think a truly intercontinental force would add very greatly to our deterrent power, because it would then become very apparent that the strategic force could not be hampered very much by denying forward bases, either by direct or political action.

Q General, just what do you mean by Strategic Air Command? What does "strategic" mean?

A The Strategic Air Command is that portion of the Air Force which has assigned to it bomber and fighter airplanes with sufficient range to go deep into enemy territory and hit strategic targets: their air power, sources of air power, their war-sustaining resources, and targets of that nature.

Q Do you feel that, if we had a war, the strategic air power of the United States would be the most powerful weapon we could use against the enemy?

A Yes, I do.

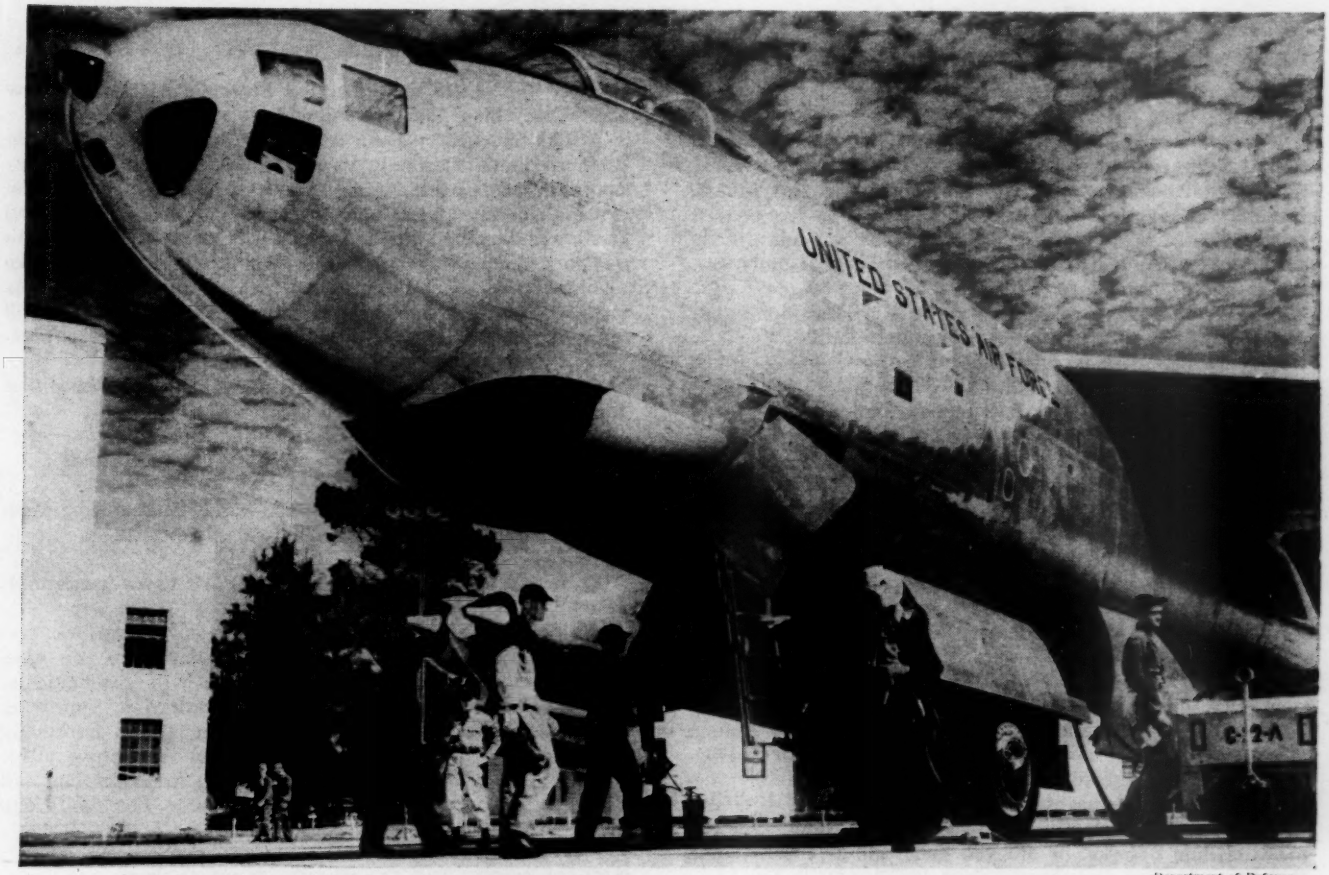
FIRST: AIR SUPERIORITY—

Q Just what is the military theory behind this strategic air power?

A I think most military authorities will now agree that in order to carry out *any* military operation you must first have air superiority; in other words, the first task now is to defeat enemy air power.

Q By that do you mean enemy airplanes, or their sources of strength?

A Planes are one segment of air power. There are other important components. Air bases, fuel supplies, depots, stock-



—Department of Defense

B-47 BOMBER: "One airplane now has more destructive power than fleets of airplanes in World War II"

piles of aircraft parts, weapons and stockpiles of weapons, all are a part of air power, in addition to the airplanes.

Q In other words, air superiority achieves dominance by air strength of one country over the other?

A Yes, that is correct. Once you have won the air-power battle, then there is no doubt about the outcome—the ultimate decision. You may or may not have to go on and destroy other military forces in being and resources, but the survival of one nation's air power over that of another decides the issue.

Q Does this require large numbers of planes—as it did in World War II?

A Numbers are relative. I am sure you know that one airplane now has more destructive power than fleets of airplanes in World War II. However, I point out to you again that you must win the air-power battle first, and that airplane versus airplane in the air is the poorest way of trying to win the air battle. It is much easier to destroy airplanes and facilities on the ground. So, numbers are still relative, even though individual planes are very much more effective than they were during World War II.

Q Is the area of combat much larger?

A Yes, the air-power battle is a global one now.

Q When you use the phrase "winning the air-power battle," do you visualize combat between individual airplanes, or are you thinking primarily of bombing sources?

A I am thinking primarily of bombing sources of power. However, there will be individual air battles, of course, as the bombers engage the air defense systems.

Q In the course of World War II, bombers couldn't travel very far without fighters to escort them. Have bombers come to the point now where they can go alone?

A I think you are mistaken about that. I have personally flown more missions without fighter escort than I have with fighter escort. They were a help, yes, and they were used wherever possible. However, it was possible to bomb the targets we had assigned without fighter escort in World War II. We did, many times, without escort.

Q Is that a matter of altitude?

A A matter of altitude, tactics, and the military situation at the time.

Q Why do you have Omaha as the place for the central control of your command? Is there a strategic reason for it?

A It's a good central location and, since the Strategic Air Command is widely dispersed, a central location makes it easier to administer.

Q The general impression has been, based on our history, that if we have a war our planes fly east and west. In the next conflict, would we expect enemy planes to come over the top of the globe?

A Always, in going from one place to the other, you take the shortest route. A straight line on the earth's surface be-

(Continued on next page)

. . . "Now, if you hit the target, it's gone"

tween North America and the Eurasian land mass lies over the polar region.

Q If you had many of your planes in areas farther south, such as Texas, would you thereby protect them all the more?

A The farther away you are from possible enemy attack, the safer you should be, and this should help protect against surprise attack. But, on the other hand, if the war has already started and you have to attack, then it is just that much farther to enemy targets.

Q Is weather going to play a part in any future operations over the Pole? Is it likely to limit the operations?

A No, it will make no difference. Our aircraft are equipped to operate in all weather conditions.

Q In World War II, we had repeated missions to enemy installations, and the newspapers every day told about how a thousand planes did this, another 500 did this, and so on. Do you contemplate that in any future conflict there will be repeated missions and sorties of that kind, or do you expect that there will be few in point of the planes?

A There will probably be relatively few. That is, with the weapons we have now, if you have a successful mission and hit the target, it's gone.

Naturally, we still are operating mechanical devices that are subject to failure. The aircraft may be shot down by the enemy or the mission may fail due to malfunction of equipment—that mission, of course, would have to be repeated. I suppose also that if a bombardier misses a target by enough distance, we would have to repeat the mission, but our figures, based on the results of hundreds of thousands of practice missions, show that this is a remote possibility.

Q You spoke of defense being a separate thing. Did you mean civilian defense, or did you mean air defense? Would that be one of your responsibilities?

A Air defense is not a responsibility of Strategic Air Command. It is assigned to Continental Air Defense under General Partridge at Colorado Springs.

Q Well, your function is also defense, of course, isn't it?

A Winning the air-power battle, which we consider a part of our primary mission, is in a sense defense, yes.

FASTER PROGRESS AHEAD—

Q Inventions and research and changes in character of weapons are constantly going on and necessarily have to be secret, but would you care to say whether what you have now may be soon obsolete, or is it going to be necessary to use it for a foreseeable period?

A The progress of aeronautics in the 50 years that man has flown has been phenomenal, and I think that we are gaining in momentum, rather than slowing down. The next 50 years will see even greater strides in the aeronautical sciences. Equipment does become obsolete very quickly. However, it cannot be replaced on a week-to-week basis because you run into a simple problem in economics. We have to use what we have as long as we possibly can to get our money's worth.

When I say "as long as we can," I mean until the equipment will no longer efficiently do the job for which it was intended, or because something has been developed that is so much better that the original equipment is rendered practically useless.

Q Ever since the comics have introduced "Buck Rogers," the public has been given the idea that just around the corner was the pilotless plane, the guided missile, to render obsolete the entire man-operated Strategic Air Force. How near to anything like that are we?

A I don't think we are as close to that as some people seem to think. Certainly we are going to have intercontinental missiles—we have other kinds of missiles now—but the process whereby the unmanned missile supplants the manned force will be a gradual one. We still haven't been able to design a machine to replace the human being. We still make machines that can't think. They are purely mechanical. As improved devices become available in the future they will augment the manned force, and only very slowly may replace it.

Q Do you go on the assumption in all your work here that the enemy is as well equipped as we are?

A We have to make that assumption.

Q If they are not, then you are pleasantly surprised?

A That is right.

Q But all your battle thinking is based on the assumption they will put their best foot forward at all times—

A Yes.

Q Is that one of the reasons why the Air Force is constantly seeking more and better equipment?

A In any highly competitive field, such as warfare, you cannot rest on your laurels and expect that once you have achieved superiority in equipment you will automatically stay there. You only stay there by constant work, improving your technique, improving your equipment, and improving your training. We are constantly working to improve all of these things. If we don't we will wake up some morning and find that we do not have the deterrent force. Somebody else has it, and may use it for aggression.

IF A-BOMBS WERE BANNED—

Q Now, as to the question about what are called conventional and unconventional weapons—supposing that, theoretically, all nuclear weapons were banned. Presumably that would mean that you would have the job of carrying on operations with conventional weapons. Do you think it is possible to deliver devastating blows with conventional weapons that would compare with nuclear weapons?

A No, that would be impossible.

Q You mean that there are not enough planes to do the job?

A Not enough planes and not enough money to build enough planes or train enough people.

Q So that warfare would be reduced to a less-devastating result. Would it be more like World War II?

A It would be almost exactly like World War II. The only thing left would be high explosive and great fleets of airplanes—which would have to be built at prohibitive cost.

Q Do you think a disarmament agreement reducing or banning nuclear weapons would ultimately lead to the abolition of war?

A Every thinking person believes that war is foolish. I do not think the problem of war will be solved readily by abolishing just one type of weapon. If it is to be solved through disarmament, all weapons would seemingly have to be abolished.

Q You would have to be pretty sure that everybody's weapons were abolished at the same time—

A Sure beyond any possible doubt.

Q What has been revealed as to the strategic air strength of our potential enemy? Is it considerable?

. . . "The larger the base system, the more you can disperse"

A I think it is generally known that they have a fairly large number of TU-4s, which is their version of our B-29, and that they have a jet bomber of very decent performance. I think it is generally known also that they are in production of jet airplanes that are similar to our B-47s and B-52s.

Q Would you say that they have lately come to a recognition of strategic air power, or do you think it was in their planning ever since 1941?

A I think they learned very early the value of strategic air power, but you will remember their World War II air power was still what we call "tactical" air power to support their land forces. Since then they have been building a modern air force. They have built their defensive forces first, however, and now are concentrating on their long-range strategic forces. They should have, very shortly, a satisfactory strategic force.

—Dept. of Defense

ARCTIC FLYING: "A straight line . . . between North America and the Eurasian land mass lies over the polar region"

Q So that we have before us the fact that a potential enemy is building a very large strategic air force and is presumably thinking in the same terms as we are with respect to its use—or is that problem different with them?

A We can only give them credit for thinking the same as we do.

Q Lately there have been some discussions in Soviet military journals about "surprise attack." Do you construe that to mean that they have changed in any way from a defensive to an offensive concept?

A Surprise is one of the principles of war. I don't think they have changed their concept. Building a modern air force is something you cannot do overnight. It takes a period of time and it takes a lot of money. It's a matter of establishing a program and then sticking to it, and eventually you reach your goal. By that time the first part of the force is obsolete and you start over again; so it really is a never-ending chore. The Soviets chose to build their defensive force first. They have pretty well accomplished that now and are apparently putting more of their efforts on their long-range force.

Q Do you think that they could conceal a force like that? Wouldn't it require large factories and large installations?

A Certainly it requires large factories, and I think it is generally known that they have built large numbers of jet fighters, and now it isn't surprising that they are moving into the long-range equipment.

Q Is there any other strategic air force in the world of any size being built by anyone else? For instance, Red China?

A There is no indication that the Chinese are building a strategic air force of any kind.

Q Do you think it will be a number of years before the Chinese are operating a strategic air force?

A It is possible that the Red Chinese may be supplied with some long-range airplanes, but I think it would be more efficient to keep all long-range airplanes under one command.

Q Using Chinese bases?

A Using world-wide bases wherever available to them.

Q The encircling bases of the Allies are generally emphasized, but isn't there a great number of Soviet bases adjacent to us in different parts of the world?

A They are probably building bases in the areas they control.

Q Are there a great many in the Far East that are very close to ours?

A Range is a relative thing now. I consider the bases a long way off more dangerous than those which might be right next to the United States and Canada.

Q Do you think that our overseas bases are adequate, or do you think we ought to have more?

A I think we have to continue to develop our base system because, while it is fairly adequate to take care of the force that is programed at the present time, the larger base system you have, the more you can disperse your force. It follows then that you have a greater deterrent force available and more flexibility in case of some being knocked out.

RISKS AT BASES ABROAD—

Q Aren't some of these bases risky for use in the sense that local conditions may change and enemy infiltration may prevent their use in some areas?

A That is always possible, certainly. It is also possible that in a war they may come over and destroy some of our bases by bombing. That's the risk we have to take.

Q Are we behind schedule in some of our bases—for instance, in Spain?

A I don't think we are behind schedule in Spain.

Q Will it be some time before we have any use out of those bases in Spain?

A Yes.

Q To what degree are you these days co-ordinating with our naval air? Do we have unified strategy now, so that on those overseas operations you are working together?

(Continued on next page)

. . . "Most wars start when one nation thinks it could win"

A We work under the Joint Chiefs of Staff in co-ordination with other commanders throughout the world.

Q We have progressed, have we not, beyond the World War II stage with greater unity of operation?

A I think, as time goes on, we perfect our techniques and are able to get a greater degree of co-ordination.

Q Then it is reasonable to expect that, if war did break out, the Air Force, Army and Navy would all be functioning together with a single purpose—

A I think generally we are co-ordinated, yes. Our communications are much better than they used to be, and areas of responsibility are better defined.

Q What protection have we if war breaks out suddenly, what emergency setups do we have for instant action? Shall we have to wait six or seven hours, as we did after Pearl Harbor, before we get in action?

A For security reasons I cannot outline our procedures, but I think they are quite adequate. I am not particularly worried about it.

PREVENTING WAR—

Q I know you are not just concentrating on what you would do in a major war. Do you think that air power could prevent small wars from starting?

A We believe that, by working hard and maintaining our efficiency at the highest possible standards, that is the best thing we can do to assure wars large or small will not happen.

Q Isn't it one of the oldest doctrines of history that, if a nation is stronger than the other nation, it will not have to fight?

A Quite possibly. I think that most wars are started when one nation thinks it could beat the other one. If they didn't think they were going to win, they certainly would never start it.

Q You believe that the experience, training and improvements that have been made since World War II will permit a far greater degree of accuracy in bombing in the future than we had in World War II?

A Yes, I do.

Q To what do you attribute that improvement—mechanical devices?

A There have been technical advances, of course. Our equipment is much better than what we had in the last war, particularly in the electronics field, radar bombsights and things of that sort. Our training is very much better, and above all we have experience in our units now. The units that we have at the present time are trained—they practice daily, under as near war conditions as we can simulate, the missions they would actually perform in wartime. This means, if we do go to war, the flight with the bomb on board is just the same flight that they have made hundreds of times before, except flying over different geography. It is a matter of training and practice that makes the combat units so much better.

Q Are you simulating combat conditions constantly?

A Yes, daily.

Q Not just in maneuvers periodically?

A Our entire training program is as close to war conditions as we can make it, and it is on a continuing night-and-day basis.

Q Do you really operate on a "war" basis all the time?

A Yes.

Q What would you say is the chance of bombing day and night and in all kinds of weather, as compared to World War II?

A Well, now it makes no difference what the weather is. We have the capability of bombing accurately in both daylight or in darkness, in good or bad weather.

Q Is that largely due to improvements in radar?

A Yes.

Q Do you think that the other countries, both on our side and their side, generally have these improvements, or are there still secret gadgets involved in that kind of procedure?

A There is no reason to believe that they do not have them.

Q Radar bombing is pretty generally known about, then?

A Yes.

Q Would you think that the amount of error would be very great in the use of atomic bombs?

A The lethal range of the weapons is so great that it is well within the accuracy of the bombing equipment.

Q If you could have had atomic bombs in World War II, you wouldn't have made many errors?

A No.

Q That is, the mistakes you made in the radius of a target would have been well covered by the area that the atomic bomb now covers?

A Actually, the bombsight using the optical system that we had in World War II, if used under visual conditions and compared with the radar bombsight, is normally more accurate. However, we were dropping TNT and not nuclear weapons. With these high-power weapons a relaxation of bombing accuracy can be accepted. Nevertheless, we have to be as precise as we can. However, what difference does a few hundred or a few thousand feet make now with large-yield weapons?

Q With weapons that stretch across an area of many times that?

A Yes.

1 PLANE DOES JOB OF 1,000—

Q The public impression, gained from our experience in World War II, was that we had to have a lot of airplanes in operation, and I take it that your emphasis now is not on numbers but on the load that each plane can carry. Have you any way of comparing the current operation with that we had in World War II?

A Yes, I think it can be calculated all right. One bomber now can carry a destructive force equivalent to more than a thousand bombers of World War II vintage.

Q Has the cost of making that bomber gone up many times?

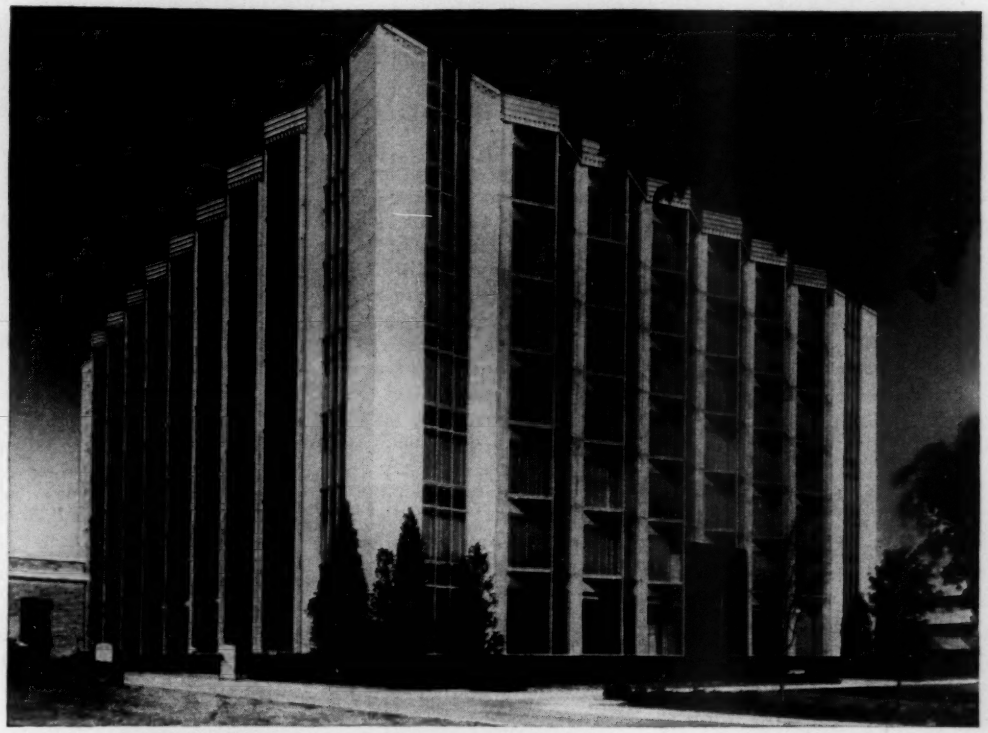
A The modern bomber is more expensive than the World War II bomber, yes. But the price hasn't gone up in proportion to the destructive power that it can carry.

Q We used to read about 1,000 bombers going across to Germany from England to make a raid—could all that be done with, say, one bomber today?

A One bomber can carry even more destructive force, and if you put 1,000 World War II bombers on one target and put the one nuclear bomber on the one target, yes, you get better results with the latter.

Q If we did have a war, we would be reading about a relatively small number of bombers compared to our World War II force?

(Continued on page 46)



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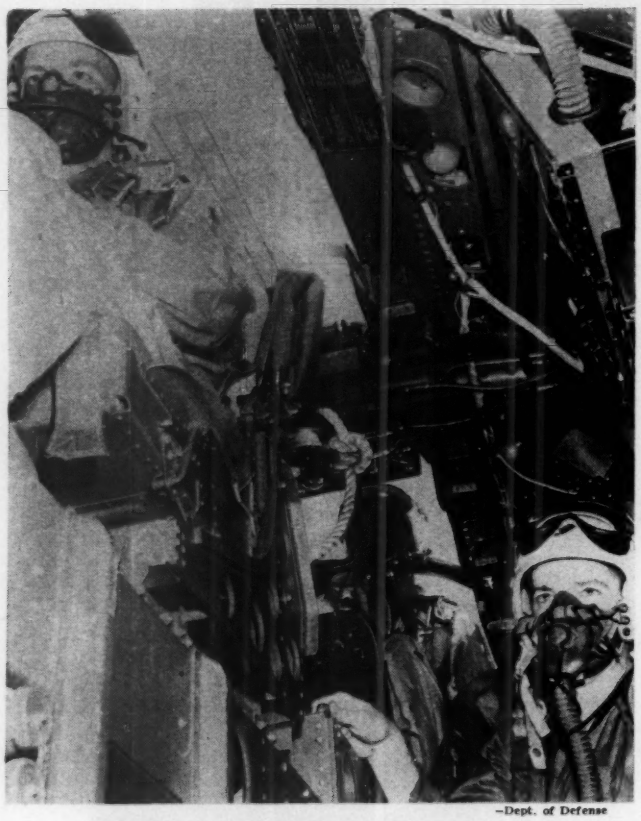
. . . "You don't win wars by terrorizing people"

A Not necessarily. The task in event of war is far greater than what we had to do in World War II. In other words, there would be more targets scattered over a vast geographic area and, while we have a greater destructive power, you cannot theorize that, since one bomber now will do 1,000 times the destruction of a World War II bomber, we require only one one-thousandth the force. That isn't true.

Q Do you visualize that, if we should be so unfortunate as to have another world war, it would be short-lived—a matter of a week or two or a month at the outside?

A I think it is entirely possible that the decisive phase of the war will be over in a very short period of time.



—Dept. of Defense

THE CREW: "I don't foresee the time when we have robots replacing the human being"

Q Do you gather that one side or the other would have inflicted such destruction that it would be impossible to carry it on—is that what you mean?

A I mean that, within a short period of time, one side or the other, in addition to having received a great deal of destruction, will have lost its means of defending itself against further destruction and its means of launching destruction against the enemy. The decision will have been won. The fighting may not stop immediately but the decision will have been reached, and it is just a matter of time to exploit what has already been done and bring the war to a close.

Q Would the destruction of people be sufficient to bring the war to a close, or would destruction of their means of carrying on a war be enough?

A I don't think it is humane or effective to attack a people or a population as such. You bring a war to a close when you destroy the capability and break the will of a people to fight. If they have nothing to fight with, you have gone a long way toward breaking their will to continue the struggle.

Q There has been an impression, I think, in the country that the purpose of these nuclear weapons was to terrorize the other people and hence bring a war to a successful end. What is your view on that?

A No, I don't believe that. You don't win wars by terrorizing people. You win wars by destroying targets. Targets are something tangible, not something in people's minds.

Q Wasn't that the experience in England? They didn't terrorize England—

A That's right.

Q This prospect of a short war is related, I suppose, to your theory of deterrents—because war would be so horrible, both sides have to deter each other if they expect to survive. I mean it emphasizes the deterrent power because it is too risky to begin a war unless you can succeed—

A I believe it is too risky to begin a war under any conditions. No one can win a modern war. Even the victor loses.

Q As to the deterrent force that we are building, nobody needs to deter us but we have got to deter the other fellow—is that the concept?

A I think that is right, yes.

FUTURE OF GUIDED MISSILES—

Q Supposing the developments, mechanical or scientific, make it possible to use pilotless planes and missiles: Do you believe that the power of destruction could be as great with such new weapons as with what we have now?

A I think the time will come when the pilotless airplane will be as efficient as the bombers of the present. I don't foresee the time when we have robots replacing the human being in all types of air warfare, no. We will use missiles in conjunction with manned vehicles, as far ahead as I can see now. As time goes on, we will use more and more of the missiles, but I think we are going to have to have manned airplanes too, for some time to come.

Q Are you constantly moving planes and men overseas and moving them back all the time—you don't really keep the same people there all the time?

A That is right. We have a rotation program moving the combat units overseas, keeping them there a relatively short period of time for training, and then bringing them home. Our units are composed of humans, and they are the same kind of people that work in the factories and the offices of the country, and we like to live as the rest of the people do. We cannot afford to keep all of the Air Force overseas and take their families over there with them and pay the bill.

We can operate the Air Force much cheaper here at home, so we keep them at home and do the bulk of the training here. We rotate each combat unit overseas about once a year for a training period in the area where they might conceivably operate in wartime, to familiarize them with the operating conditions there.

In that way we are able to have a force in being that is capable of going to war at a moment's notice, and this force

(Continued on page 48)

Photo courtesy of Ansul Chemical Company

Bicarbonate of Soda is much like a red-haired Irishman. It can be mighty pleasant . . . or mighty tough if the situation requires it.

In its gentler nature, great quantities of Bicarbonate of Soda are used as a baking soda . . . and for various medicinal purposes including the familiar "bicarb" to relieve upset stomachs.

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. . . "We are 1,000 times more efficient now"

has been doing the same thing in training in peacetime that it would be called upon to do in war.

Q Have we constantly a substantial force in Europe?

A It varies from time to time, depending on the circumstances.

Q To get an idea of the total number of men involved, if you had a major operation against the enemy in event of war, approximately how many officers and men, roughly, would be engaged in such an operation?

A Oh, roughly, if we launched a full-scale counterattack, possibly 10,000 men would be exposed to enemy fire.

Q As small a number as that? And how many in World War II were exposed to enemy fire in strategic air operations?

A An average sortie took 10 men, and 1.4 million sorties had to be flown.

MORE POWER, FEWER MEN—

Q So you had about 14 million man-exposures to enemy action and, in theory, you would accomplish the same thing here with probably 10,000 men.

A Yes, depending on how you figure. You could say we are 1,000 times more efficient now due to the tremendous destructive power we carry, so it would be that many less. It isn't a direct ratio, however, because we have other things to do now that we didn't have to do then.

Q Taking up the question of personnel, have you been conscious in the Air Force of a turnover of personnel recently, or has it been something that you have been faced with ever since the close of World War II?

A We have really been faced with it ever since the close of World War II. We have been required ever since the war to maintain large forces compared to what we were used to before that war. The draft has been necessary. While we haven't actually had to draft people for the Air Force, the draft has been a help to us because it has forced enlistments into the Air Force of people who would prefer to serve in the Air Force rather than be drafted into some other branch of the service.

Q Is the problem any different with respect to the Air Force from that in the other branches of the armed services? Outside of the draft, is the re-enlistment problem a great difficulty for all the services, or for yours alone?

A The other services are having the same problems that we are.

Q Do we have to make the service attractive enough to obtain re-enlistments on a higher and higher scale?

A Yes. It appears that we are going to have to maintain a substantial military force for some time to come. This means that some segment of the population is going to have to do this job. If we are going to do it efficiently, then I think we have to offer careers in the military establishment that are somewhat close to what is offered in industry and the professions.

Q Do you think there would be economy in obtaining a higher and higher percentage of re-enlistments?

A Yes, definitely.

Q Why is that?

A Right now a great percentage of the resources—manpower resources—of the Air Force is tied up in the Training Command. We operate a great number of bases whose sole mission is training new recruits in all of the many skills required to operate an Air Force. They come in, we train them for two or three years, they work for about a year and leave the service.

In other words, they do profitable work for about a year and then they go back to civilian life. If we had more re-enlistments, the second enlistment would normally give us four years' work from a man instead of the one or two we get on the first enlistment.

A greater re-enlistment rate would permit us to cut down the training establishment, reduce the number of bases, and consequently save money. In addition to that, with a higher rate of re-enlistments we would have a higher level of skill in the combat units. This would increase the efficiency of the combat units, and we could probably discharge our mission with less people, so you have a further saving there.

Q Could you estimate approximately what you might save a year if you had a better pay system to induce re-enlistments?

A I can't quote you any figures just offhand. I think there are plenty of them which have been quoted for publication recently. I recall that the Air Force Secretary mentioned a cost of something like 2 billion dollars to replace the group of people that came in just after the Korean affair broke out and are now leaving us. Had they stayed, the taxpaying public would be 2 billion dollars ahead.

Q I have heard the figure of 1 billion dollars mentioned as a possible saving if you could induce a substantial number of re-enlistments. Do you think that is a reasonable estimate?

A Over what period of time are you speaking?

Q A year's time—

A That is only about one sixteenth of the Air Force budget. I think you could probably save more than that.

Q It would pay Uncle Sam, then, to increase the pay and other inducements to get a higher re-enlistment rate and save on the cost of training?

A I am sure of it.

WHY OTHER CAREERS PULL—

Q What is the basic reason why these men don't re-enlist—some of the basic reasons?

A You can get as great a number of reasons as the number of people you ask questions, but, basically, it comes down to compensation. The career offered by the military service is not commensurate with what they can get outside.

Q Even though they get some allowances for living in the service? You add even those, too?

A Yes, and they are not staying with us, so that's your answer.

Q Do you think your rate of re-enlistments is higher in the Air Force than in the other services?

A I think that over a period of time it has been slightly higher, yes.

Q But even so it isn't adequate?

A Still it is not adequate. It has been only slightly higher.

Q Is that a pretty serious problem on the whole?

A It is the most serious problem we have.

Q Apart from the economics, the money involved, how serious is it from the standpoint of an efficient Air Force—combat readiness, etc.?

A The quality of Air Force you have certainly is going to be in proportion to the quality of the people in it.

Q Are you referring particularly to noncommissioned servicemen, or are you referring to officers when you speak of re-enlistments?

(Continued on page 50)

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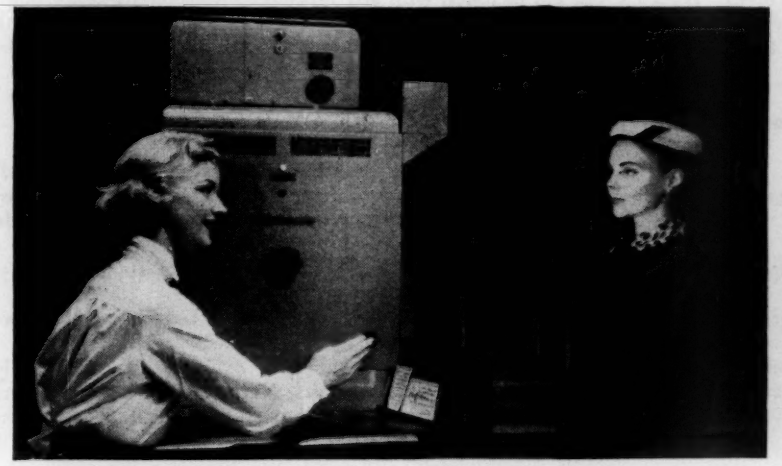

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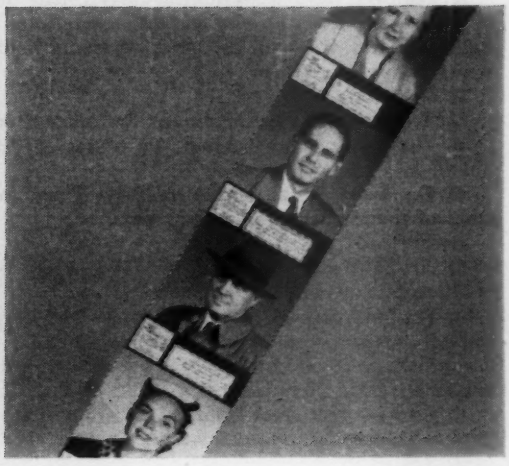

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. . . "We constantly practice alerts at inconvenient hours"

A I am referring to all ranks.

Q Has it been a greater difficulty to get officers than airmen?

A We have a greater turnover among our airmen than we do among our officers. This is due to the fact that a greater percentage of our officers elected to stay in the Reserve and were available for recall to active duty. They are not being replaced at a sufficient rate, however. The younger officers, the new ROTC graduates, on the average serve their two years and leave.

Q Have you suffered any loss to industry among your higher officers?

A Oh, yes, that's happening to us all the time.

Q Is that a serious matter with you?

A Yes, it is.

Q Why is that serious for you?

A Our higher-ranking officers are naturally our best officers because we have a selective promotion system. They are our most experienced people, have been with us the longest, have been promoted and are our best officers. When they leave, it is a serious blow.

Q You have invested a great deal in training them to the command posts they occupy?

A Yes. We have a substantial investment in them.

Q Is the idea that if you could do something to hold those higher officers, it would be better—it would help the efficiency of our whole setup?

A It would, yes.

Q What are the main reasons for officers' leaving?

A There are many reasons, of course. Most of them, I think, are financial.

Q Do many of these top-ranking officers supervise millions of dollars' worth of property?

A They do, yes.

Q Are their responsibilities, would you say, commensurate with that in private industry?

A Yes, in most cases they are dealing in property and capital far in excess of the normal industrial concern. For instance, one of our Air Force commanders probably is dealing in a capital investment of some 3 billion dollars.

Q And he gets what—somewhere around $15,000 or $16,000 a year in all, approximately?

A Yes.

Q In industry he might be getting $50,000 for that job?

A Somewhere between $50,000 and $100,000.

EXECUTIVE AND FIGHTER TOO—

Q And there is also the security of the country at stake, apart from the salary—

A Yes, he must have executive ability at least equal to that required of a top executive in industry, and in addition he must be able to lead his men in combat. In other words, the modern military man must be an executive and an administrator and he must also be able to fight.

Q Are your relations with the aircraft industry now on as intimate a basis as you had in World War II when your production needs were being promptly met, especially in '44 or '45?

A I think so. I think we are probably even closer to industry than during the war because we have learned a lot working together. Industry is doing a good job for us. They are producing equipment as fast as the money is appropriated for it.

Q Insofar as getting your new planes and your new types of planes, are you running up against some of the difficulties we used to have?

A We still have problems of that sort, and I think we must spend a great deal more effort in trying to shorten the time period between what we call the requirement for a new weapon and the actual delivery of that weapon in a ready status to the combat units. We must bear in mind that we will fight any future war with what we have the day it starts. Any development program under way at that time will be useless.

Q How do you keep in touch with all these units that you have around the globe? What kind of communications system have you got?

A We don't rely on any one communications system to do that. We keep efficient by constantly exercising all the communications systems we have. Constant practice is absolutely necessary if we are going to have good communications when we need them.

Q Can you get in touch with all your people that are airborne, say, at any given moment anywhere in the world?

A Yes.

Q Is it a matter of minutes to get in touch with them?

A Yes, on the average it is a matter of just a few minutes to get in touch with any airplane. Occasionally there will be atmospherics interfering or mechanical difficulties, but generally it is just a matter of minutes to get in contact with any of them.

WHEN THE ALARM SOUNDS—

Q Now, the $64 question: After we get our first information as to the approach or departure of any enemy force, how long before we can be in action, and how long before we can be over enemy territory?

A It is impossible to answer that question unless you specify some conditions.

Q Is it a matter of a few hours, a few days, a matter of three or four hours?

A Under average conditions, average assumptions, let's say, it would be a few hours. Naturally, if there is a period of tension and what we call strategic warning, we are in a high state of readiness—everyone would be on the alert, the men would be on the bases and the airplanes ready to go when ordered to do so.

Under those circumstances, we could get off quickly and it would take just the flying time to the targets. However, if it is a surprise attack right out of the blue with no warning at all, we wouldn't have such a high degree of readiness and it would take longer to launch a full-scale counterattack.

Because of this, we constantly practice alerts, over the week ends, on holidays and at very inconvenient hours. There is little point in practicing when it is nice and convenient. We do it at odd hours to make sure that in case of emergency we can assemble the crews as well as the support people and get to work. We do nothing in SAC without thinking first what it will do to us if we have to go to war this afternoon or in the morning. For instance, when one member of a crew goes on leave, the whole crew goes on leave, and another crew takes over the aircraft so that we maintain the best possible degree of continued readiness in all the combat units.

Q You have a force in being on the alert all the time, ready for a surprise attack which you hope will never come, is that it?

A Yes, that's it.

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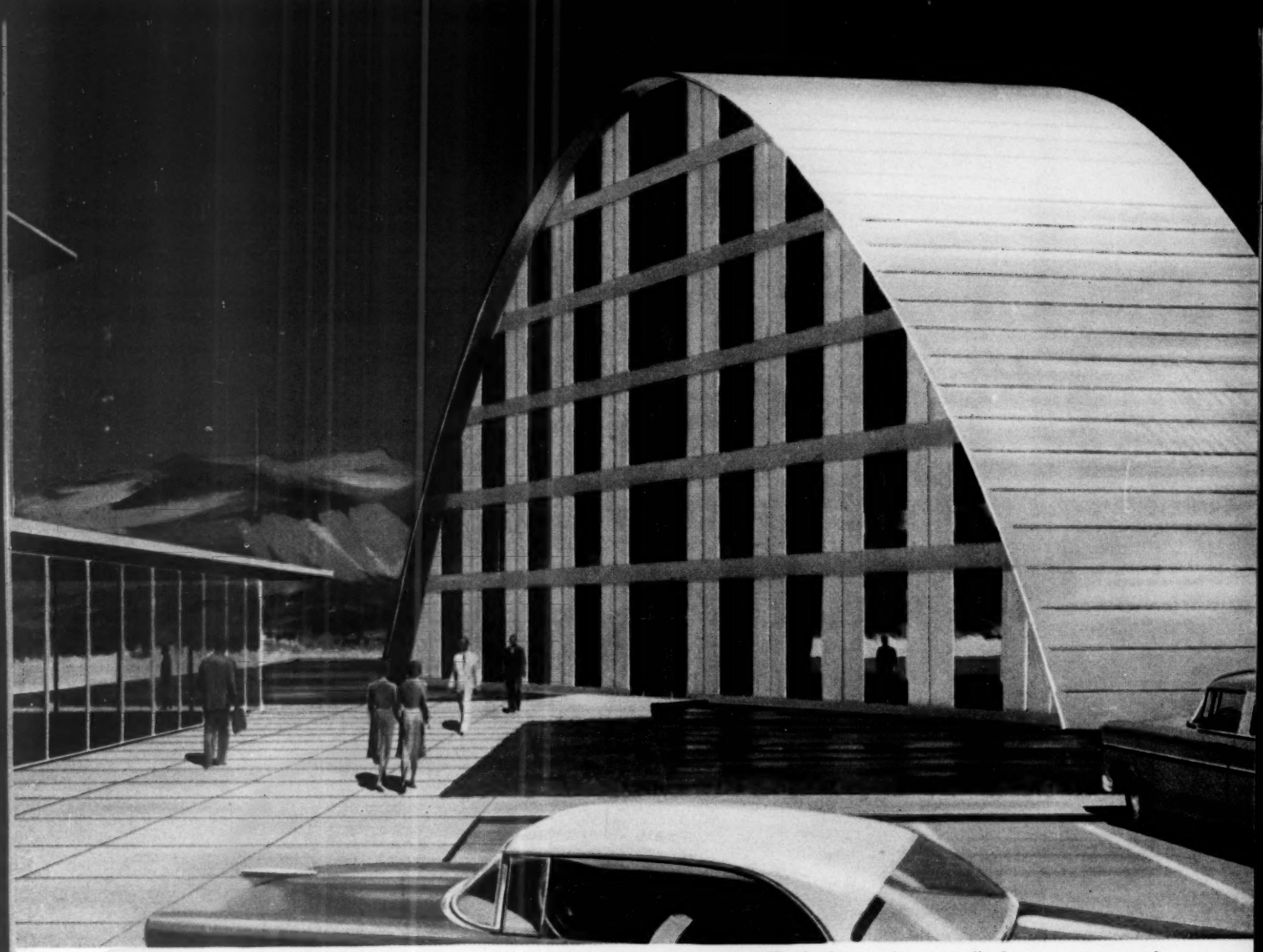

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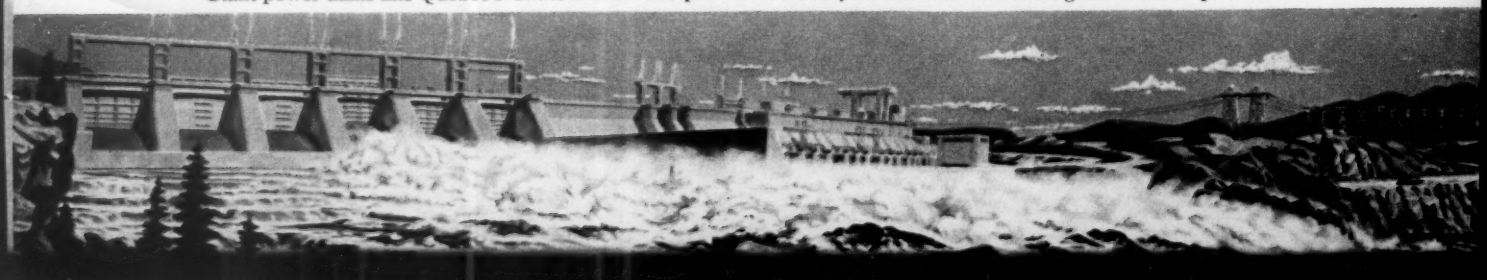


WHY REDS WANT TO FLY SOUTH

It Gives Them Chance to See Bases on the Way

With hopes of catching the West off guard again, Russia plans to set up an aerial line of supply to its scientific expedition in the Antarctic.

The hitch: This route would pass over vital Allied bases and cities, which the Russians then could keep under observation from the air.

Nations along the way can approve or veto the proposed route.

LONDON

A Russian scheme, aimed at imposing the Soviets' own aerial inspection on key Allied bases and installations over much of the world, is coming to light. The plan, it is revealed, is an innocent-sounding supply line to the Reds' scientific expedition in the Antarctic, part of the observance of International Geophysical Year.

The way things are shaping up, those closest to the scene fear that the Reds have a good chance of getting by with their scheme. According to American scientists who are closely watching developments, what the Russians are saying in effect to the other nine nations participating in the Antarctic project is this:

"We demand the right to open an aerial supply line from Moscow to the Knox Coast [the U.S.S.R.'s main base near the South Pole]. We are submitting two routes, either of which will satisfy us. Now choose one."

Allied military men have been quick to note that both routes fly over vital installations. They are pointing out that it will be easy for aerial photographers and observers in Russian planes to keep these places under regular observation. Thus, they warn, while Moscow holds the door shut against President Eisenhower's proposal for mutual aerial-inspection rights, it is using an international scientific project as a screen to win its own observation privileges over the Middle East and Africa or Australia.

Will nations agree? The Russians unveiled their demand at a Brussels meeting of the international committee organizing the expeditions. Some delegates from New Zealand and South Africa are indicating they will support the proposal, and all countries over which the planes would pass are being asked now whether they will grant permission for the flights.

The map on this page shows the major cities and bases over which the Russians want to fly. Allied diplomatic and military sources point out that the westerly route first passes close to the important British base at Cyprus, then flies over the Suez Canal and Cairo, focal spots of Red moves in the Middle East. It moves on over Nairobi, site of a small Royal Air Force installation, and past Johannesburg and Durban, two of Africa's major cities.

The easterly route runs through Teheran in the Middle East, over the British bases at Karachi and Colombo, past Jakarta and the Australian installations at Fremantle, and on to the Knox Coast. En route, Red planes would fly almost directly over guided-missile experiment stations in Australia's Western desert.

Washington officials, concerned over Russia's new moves, are pointing out that granting either route will give the Reds direct communication with several of the world's active or potential trouble spots. Also, these experts warn, the sight of Soviet planes flying overhead will give Russian prestige an incalculable boost in the eyes of Asian natives.

Besides supplying the Soviet expedition in part by plane, the route will enable Russia, like the U. S., to use aircraft on actual exploring and research missions in the Antarctic itself. The Russians are assigning their best polar pilots and navigators, trained in instrument flying under the worst weather conditions, to their expedition. And they are demanding that each nation's expedition agree to help the fliers with radio-direction signals and emergency-landing facilities—a setup which, Allied capitals believe, could easily result in frequent Russian visits to other camps.

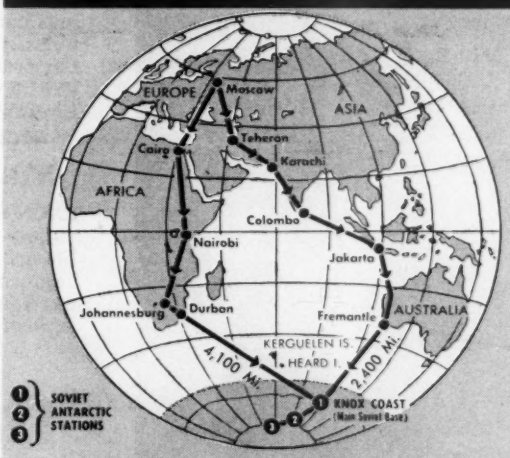
Red strategy—a foothold. Latest word reaching the West shows the Russians are sparing no effort to make the most of this opportunity to get a firm foothold in the strategic Antarctic.

Preliminary work already is under way on the scene by the whaling flotilla, "Slava," which sailed in October after its radio facilities were improved to allow uninterrupted contact with Moscow. The *Ob*, a 12,600-ton ship specially built for ice worthiness, and her auxiliaries are sailing as the backbone of the expedition. Dog teams, specially made tractors, amphibious craft, helicopters and planes will provide transportation.

All in all, the Russian expedition will be exceeded in size and equipment only by the American, scientists say. The feeling in most Allied capitals now is this: 'Russia is exerting every effort to establish herself in the Antarctic so that she will have a powerful voice in the future of that region.

More immediately, official sources warn, the Reds' big drive is to win approval of one, or both, aerial supply routes and bring important Western bases under continuing inspection by Soviet fliers while yielding nothing in return.

Russia Wants These Air Routes To the Antarctic



Shown above are two air routes that Russia proposes to maintain between Moscow and a Soviet base in the Antarctic, to be established soon. If granted permission for these flights, by countries along the way, Russian planes will have regular routes for aerial survey over strategic areas, including the Suez Canal, military and naval bases in the Middle East, Africa and Australia.

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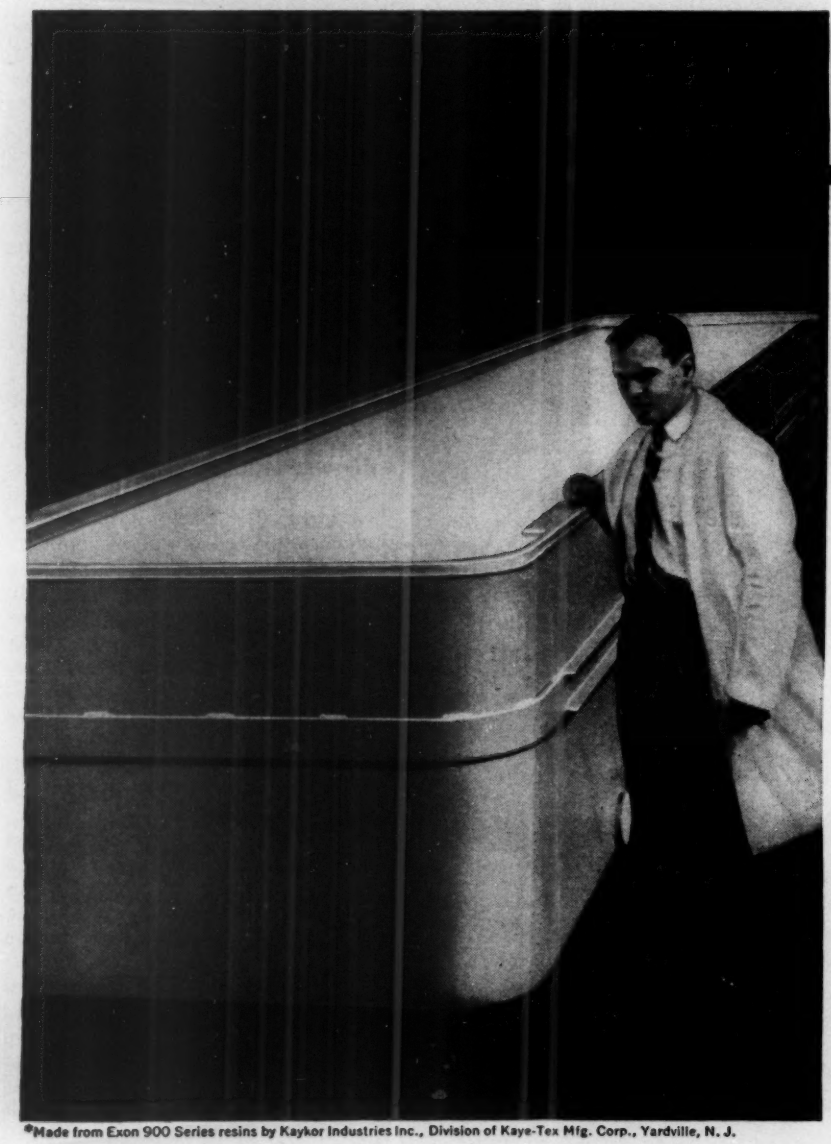

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FROM THE CAPITALS OF THE WORLD

PARIS....BERLIN....BONN....KABUL....

>> Except for the business boom, Europe is in something of a mess.

France is once again paralyzed politically.

Berlin faces a new crisis. Another blockade is threatened.

West Germans feel stymied by the Russians, let down by the Allies, led into a blind alley by Chancellor Adenauer. Bonn isn't sure which way to turn.

British add the new worry about Berlin to a deep sense of frustration at the recent failure of Geneva. Nor have Khrushchev's remarks in India helped.

The major allies of the U.S., at a time when they'd like to enjoy their new prosperity, find themselves pushed around by Soviet moves in Berlin, blocked by Soviet policy on Germany, irritated by Soviet talk in India.

>> In Paris, with the political merry-go-round off on another spin.....

France will be unable to move a wheel on the international front.

For a month or longer, you can look for confusion, intense even for the French. At best, France will be stuck with a caretaker Government. This Government will be powerless to shape new policies, change old ones, make important decisions. France is stalled until elections give a new Government power to act. France's allies, if in need of action by Paris, will have to wait.

>> While the Allies wait for France to get an effective Government.....

Berlin crisis may heat up a lot. Question: Can Allies move without France?

North Africa is not going to give up violence because France is bogged in politics. Arab nationalists stand to gain ground while France is stalled.

NATO, North Atlantic Treaty Organization, has urgent decisions to make this month. French delegates at the Paris meeting can hardly commit France.

Saar election is coming December 18. Trend in this disputed area is now pro-German. Political chaos in Paris can make the trend still more pro-German.

Big Three--U.S., Britain, France--are reduced to Big Two until France gets back into the running. Moscow will do its best to exploit this situation.

>> After the French elections are held and the votes counted.....

No important changes need be expected. Some faces will show up in high places. Policy shift, if any, will be to the right. Political instability will continue as before. French weaknesses, indecision will not be cured.

But it will be interesting to see how big a vote Communists get this time.

>> To understand what Soviet Russia is up to in Berlin.....

It's a pressure game, which may get rough, with two ends in view.

One objective is to force West Germany and Allies to recognize Communist

(over)

East Germany, then make a deal for unified Germany on Communist terms.

Other purpose is to drive Allied troops and officials clear out of Berlin.

>> Communist methods in this new game are devious and unpleasant.

Berlin, as capital of Communist East Germany, is declared to be the real capital of Germany now. This hits Germans where it hurts. Germans never have thought of Bonn as a capital, still see Berlin as the place for a Government. But, to reclaim Berlin, Germans are told, they'll have to deal with Communists.

Access to Berlin, moreover, is being placed wholly in Communist hands--if Soviet Russia can get away with it. Legally, Potsdam Agreement put Berlin and access to it under four-power control. Now, Moscow is trying to scrap Potsdam, give East German Communists power to open and close highways, canals, rail lines, air lanes between Berlin and the West.

This way, pressure will be on West Germans and Allies to deal with East Germany if they wish to keep Berlin open and avoid a blockade.

Blockade hints are in the air now. Blockade moves have to be expected.

What Allies can do about all this is hard to see. Moscow will be unmoved by complaints that it's violating another agreement.

>> In Bonn, the mood is one of uncertainty, skepticism, despite pro-Western statements by the Government. A unified Germany looks very far away.

Geneva stirred criticism about Adenauer's methods of dealing with the Russians. Nation-wide debate, under way, includes many suggestions for German talks with Soviet leaders, now that Allied talks have failed.

Rearmament, despite Allied pressure, arouses no enthusiasm, little action.

Adenauer's long illness has compelled Germans to think of his replacement.

It came as a jolt, during Adenauer's illness, to discover how his absence paralyzed his Administration. The Cabinet had to stall on controversial issues. Negotiations with Moscow had to halt. Confusion in rearmament policies grew. Adenauer's coalition began to fall apart. It looked in Bonn as if the Adenauer system of government couldn't work without Adenauer.

Bonn politicians, as a result, are jockeying for position, thinking about someone to replace Adenauer, looking for popular platforms.

Firm stand against Soviet pressure will be harder to take from now on.

>> That trip to remote Afghanistan by Bulganin and Khrushchev, the Moscow travelers, is not strictly necessary. Advance agents have done the real work.

Afghanistan is largely in the Soviet orbit now, almost in Russia's pocket.

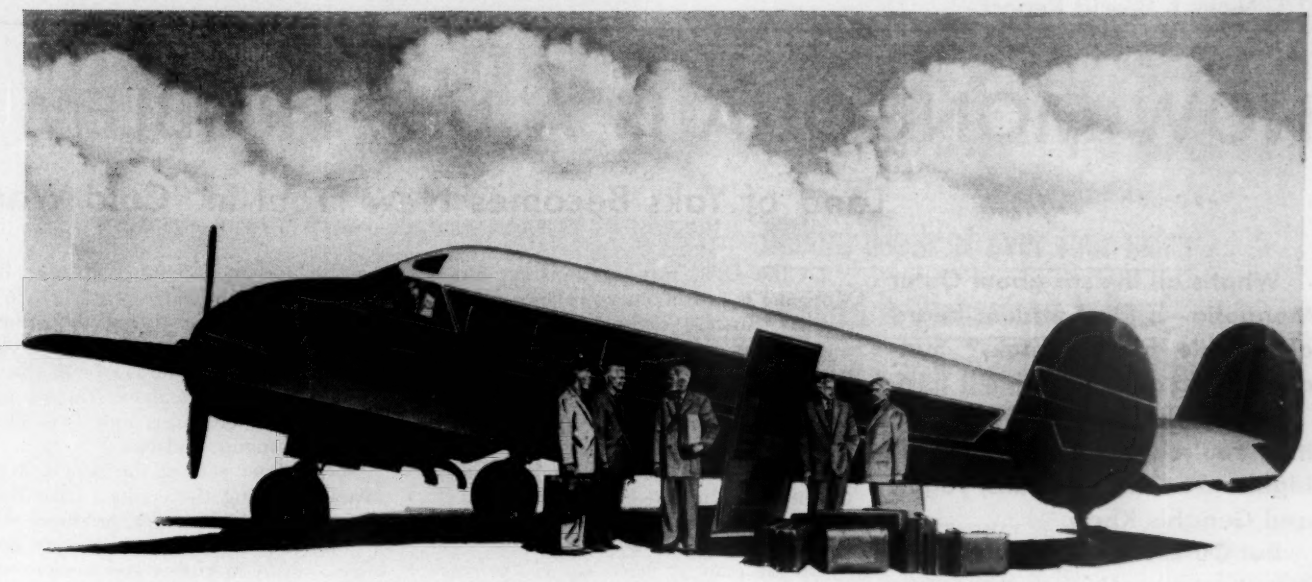
Soviet take-over is far advanced. Rail, road communications are being built to divert Afghan trade to Russia, away from Pakistan. Trade deals increasingly channel Afghanistan's exports to the Soviet bloc. Whatever Afghan exporters have to sell, Moscow quickly accepts, on a barter basis.

Soviet influence is quite visible in Afghanistan. You see Soviet tractors at work on roads near the border. Soviet contractors paved the streets of the capital, Kabul. Soviet consumer goods, such as they are, appear in the shops.

Next step may be an Afghan-Soviet declaration of "peaceful coexistence."

Then a pro-Soviet party, loyal to Moscow, may show up in Kabul. Technically, Afghanistan may not be a Soviet satellite, but effect will be about the same.

Substantial U.S. aid, this means, will not have proved as effective in Kabul as a few Soviet rubles combined with persistent Soviet pressure



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The SUPER 18 pays dividends to any corporate activity by slashing travel time by as much as 75 per cent . . . by increasing business efficiency and by easing the demands of time upon the executive team.

In the competitive business world of today, BEECHCRAFT ownership opens the way for business expansion . . . increases executive activity . . . *by saving time.* With a BEECHCRAFT, company executives have more time for business and more time for pleasure, too!

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NOW MONGOLIA IS A U.S. PROBLEM

Land of Yaks Becomes New Front in "Cold War"

What's all the stir about Outer Mongolia—a land seldom heard of outside history books? Suddenly it's a crisis area.

Look at the map and see where it is. You're looking at an Asiatic highland famous for yaks, yogurt and Genghis Khan.

But Outer Mongolia, remote as it is, became a key to the future of Italy, Spain, Japan and others, in the United Nations.

Outer Mongolia, a barren stretch of hills and desert in central Asia, is turning up as one more source of trouble for the U. S.

This region, nestling between Soviet Russia to the north and Red China to the south, has only 900,000 or so inhabitants—most of them wandering herdsmen.

It maintains no embassies or legations of its own outside its two powerful neighbors. What Government it has is under the thumb of Russian agents.

Yet Outer Mongolia suddenly emerged as the key factor in a "package deal" between Russia and the West to let 18 new members, Communist and non-Communist, into the United Nations.

To the U. S. way of thinking, Outer Mongolia is just another province of Russia. By Russia's definition, though, the region is as much an independent country as Spain, Italy, Japan or any of the other nations that have been trying unsuccessfully for years to get into the United Nations.

The argument has been sending people to their geography books and maps to look up Outer Mongolia—to find out exactly where and what it is.

On the map, it shows up as a territory of about 620,000 square miles, officially labeled the Mongolian People's Republic. It is four times the size of California, with less than a tenth of that State's population.

Most of Outer Mongolia is a high, wind-swept plateau, too arid for farming. In the north its soil is permanently frozen. Few Westerners have been permitted to visit this region in recent years. The area has only two links by rail with the outside world—one going into Siberia and the other into Red China.

It was from this remote plateau, criss-crossed by ancient caravan trails, that Mongol horsemen swept westward in the thirteenth century under Genghis Khan and his son Kublai to terrorize Eastern Europe—at the same time that the Mongols conquered China and much of Asia.

Today most of Outer Mongolia's people are still nomads, living in "yurks," the huge, cone-shaped tents that house livestock as well as human beings. People are outnumbered, 30 to 1, by their sheep, camels, horses and cattle—the highest ratio of livestock to human beings in the world. There are also about 700,000 yaks, shaggy-haired creatures that look like a mixture of moose and cow.

Only 15 per cent of the people live in towns—including the capital, Ulan Bator. Outer Mongolia, however, produces about 50 million dollars' worth of factory goods a year, mostly in leather and woolen items. There are a few coal mines and some gold production.

The product that most Americans have heard about is yogurt, a Mongolian dish made of clotted sour milk that has become a favorite with many Western dietitians. Mongolians also consume great quantities of tea, mixing it into a stew along with meat, sheep fat and scalded milk from mares.

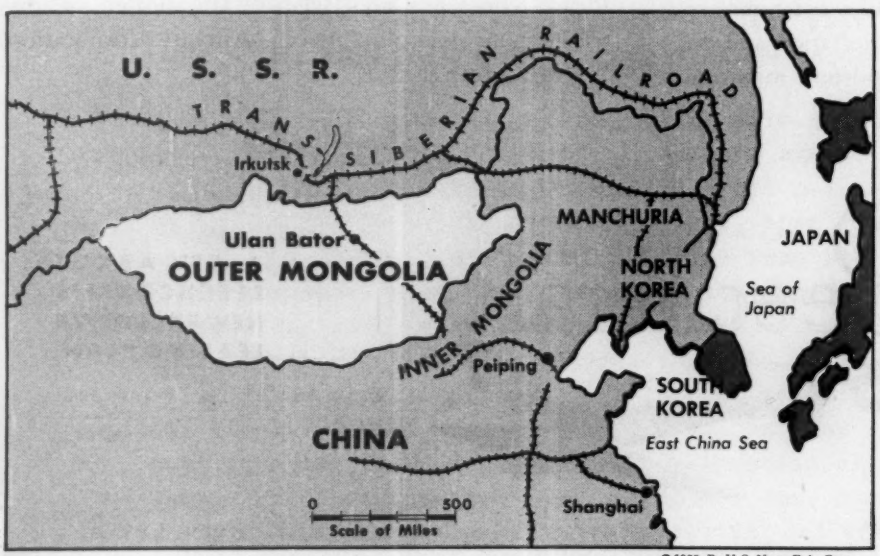
Russia's infiltration into this primitive region goes back to 1921, when Communist agents supported an uprising that resulted in a constitutional monarchy for Outer Mongolia. When the king died in 1924, the Russians engineered another change—this time into a "popular democratic state."

The "independence" of Outer Mongolia is formally recognized in a treaty signed by the Soviet Union and Nationalist China in 1945. Today it has the outward trappings of a self-governing country—its own flag, prime minister and a two-house legislature, along with a university.

An alliance with the Soviet Union, however, gives Moscow control of Outer Mongolia's foreign affairs and military defense. The old Mongolian alphabet has been discarded in favor of the Russian system. Half of the university teachers are Russian. And Soviet diplomats keep an eye on everything.

With Red China, its other neighbor, Outer Mongolia has no military ties—just an economic and cultural treaty. But Chinese missions to Ulan Bator are frequent. The territory to the southeast, known as "Inner Mongolia," is ruled by Red China. And some Western diplomats say that friction may develop some day between Moscow and Peiping over a region that belonged to China for centuries.

Right now, however, it is the Soviet Union that really runs Outer Mongolia—a remote region that has become another problem for the U. S.



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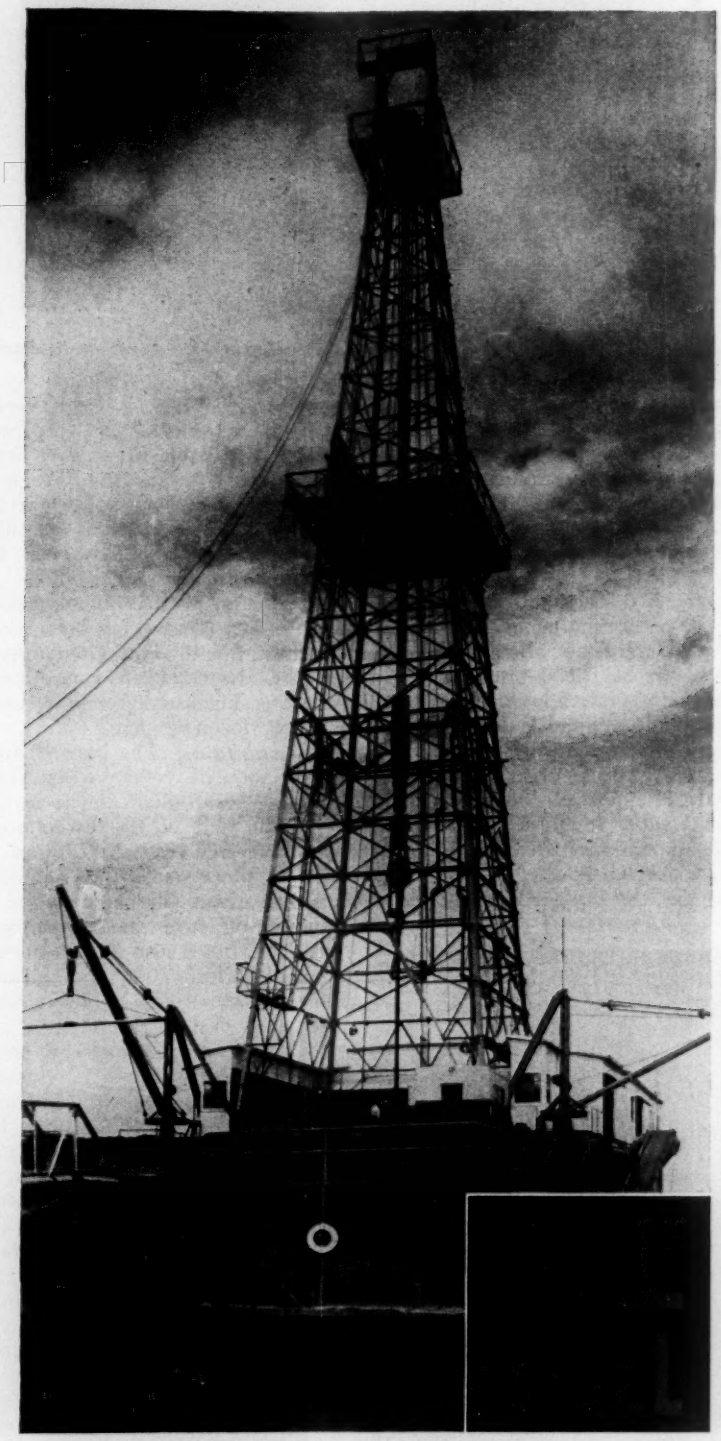
OUTER MONGOLIA AND ITS NEIGHBORS
In U. S. eyes, it's just another province of Russia

WORLD'S DEEPEST OIL WELL!



Richardson & Bass Drilling Rig No. 25 at well known as Richardson & Bass (Louisiana Account)—John W. Mecom —Freeport Sulphur Company—Humble-Louisiana Land & Exploration—State Lease 2414, No. 1-L. Rig and boilers are mounted on two huge barges sunk to bottom of marsh to provide firm foundation for operations.

Record depth of over four miles attained in Richardson & Bass Louisiana Well using J&L Drill Pipe and J&L Wire Rope exclusively

Wednesday, November 9, 1955, marked another milestone in the spectacular history of the oil industry. On that day, Richardson & Bass and their associates in this enterprise, John W. Mecom and Freeport Sulphur Company, broke the world's record for deep drilling in their well in Plaquemines Parish, Louisiana, 35 miles southeast of New Orleans.

This well, now more than four miles deep, has penetrated the earth to depths never before explored. Pressures are being encountered to which drill pipe never before has been subjected.

In discussing this new world's record well, J. E. (Ed) Hill, General Manager of Richardson & Bass Drilling and Producing Interests, said: "This well has been drilled from the surface to its total depth without a single pipe failure, a tribute both to the skill of the drilling crews, and to the quality of the pipe used."

Every foot of the drill pipe in the well is J&L Drill Pipe. To a depth of 13,655 feet, J&L Blue Ribbon Drill Pipe was used. From that point to the bottom, the string was replaced with J&L Blue Ribbon Vanadium Drill Pipe. Every foot of the wire rope which supports the entire four mile string of drill pipe is J&L Permaset Wire Rope. Hundreds of tons of J&L Casing have been set in the well, with additional hundreds of tons standing by for use when the well is completed.

To provide the high strengths needed in oil country tubular products for today's deep well drilling, J&L developed and has in operation extensive new finishing facilities—facilities which are already being expanded to keep pace with the oil industry's growing needs.

Interesting facts about world's deepest well

(As of November 28, 1955)

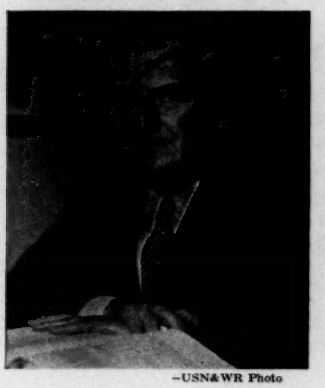
Total depth 22,209 ft., nearly 4¼ miles, equal to height of 15 Empire State Buildings . . . previous record depth 21,482 ft. . . . drilling began February 26, 1955 . . . total drilling time 205 days . . . total testing time 71 days . . . total elapsed time 276 days . . . bottom hole pressure 22,650 lbs. per sq. inch . . . bottom hole temperature 350° F. . . . time required to pull entire string of drill pipe to surface, replace bit and reset pipe is about 11 hours . . . stretch in drill pipe at extreme depth is about 20 feet . . . total cost of well estimated at between $1¾ and $2 million.

Jones & Laughlin
STEEL CORPORATION — *Pittsburgh*

THE MAN .. Rowland Hughes **THE NEWS** .. Making Ends Meet

Out of the Red by '56: Here's the Formula

Mr. Hughes takes care of the pennies, and the dollars balance the budget. This article tells how the Eisenhower Administration is putting the Government on a pay-as-it-goes basis.



—USN&WR Photo

THE BALANCED BUDGET now in sight for U. S. is, in large measure, the handiwork of Rowland R. Hughes, a firm-minded New York banker who holds the post of Director of the Budget.

Mr. Hughes's accomplishment, if realized next June 30, will redeem the Republican pledge of 1952 to put the country on a pay-as-it-goes basis. It is scheduled to become a reality in mid-1956, just in time for use by Republican orators in that year's campaign. It is to be a prelude, too, to tax cuts by which both parties hope to entice votes in the coming elections for the Presidency and Congress.

As Director of the Budget, Mr. Hughes is one of the most important yet least-known men in Washington. He was among the first to visit President Eisenhower at Gettysburg. There he gave the Chief Executive the good news about the nation's financial prospects. And he is to be seeing the President more and more often as preparation of a new budget nears completion.

Just now, the biggest budget question—how much shall be spent for defense and for military assistance abroad in the year that begins next July 1—is under discussion at the highest levels—levels that include Mr. Hughes. In one way or another, his imprint and his restraining hand are upon everything the Government does that costs money, and that means nearly everything.

Big revenue, tight spending. Two things account for what is expected to be the first Eisenhower balanced budget:

- The Treasury is getting fat on unexpectedly large tax revenues from this boom year of 1955.
- Mr. Hughes insists unyieldingly that every penny be watched, every unnecessary expenditure be avoided, all possible economies be instituted throughout the Government. He keeps federal employes busily searching for new ways to save money. Part of his time is spent giving pep talks to top officials. And much of it, especially just now, goes to saying "No."

Mr. Hughes, 59, is 6 feet 3. He wears a heavy black eye patch that conceals an old injury. He is pleasant, but always intent upon his work, has little time for affability as such. He knows how to compromise, when to yield a point, if a Cabinet officer or agency head needs a bigger allocation.

However, Mr. Hughes can be courteously and immovably tough when he thinks the money demands of the bureaus and departments are excessive.

In such instances, the Budget Director has shown that he can make his views prevail. If, after the long, intricate process of budget making, an agency head still disagrees, an appeal to the President can be made. This does not happen often, but those close to the situation say that, in such instances, Mr. Eisenhower inclines to side with his budget chief.

So, by cajolery, persuasion, insistence and firmness, Mr. Hughes has been whittling away at the total of Government expenditures. He could cite a multitude of illustrations, but usually confines himself to a half dozen or so.

Security spending. The biggest drop has come in national-security costs. They dropped from 46.5 billion dollars in the first full fiscal year of the Eisenhower Administration—the year that ended in mid-1954—to an expected 38.7 billion this year. In part the decline is a tapering-off from the Korean-war situation, but it also includes economies instituted by the armed services under Mr. Hughes's vigilant and constant prodding.

For instance, by revised techniques, the Air Force now maintains three aircraft for the previous upkeep cost of each two of the same type. It also is saving a million dollars a year by eliminating winter underwear as a mandatory item of issue, for areas where the men do not actually want it. Many functions formerly performed by servicemen now are done under contract by private operators, releasing men for duty with active units.

In many sections of the Government, supply inventories have been reduced, with consequent savings in purchasing requirements. This applies to everything from aircraft parts to stationery. Big savings are

(Continued on page 62)

—Harris & Ewing

SECRETARY HUMPHREY, BUDGET DIRECTOR HUGHES
. . . no "habit-forming wonder drug of inflation"

"Credit unions are one of our most beneficial employee activities,"

says **JOHN M. OLIN,** *Chairman of the Board of the Olin Mathieson Chemical Corporation. "Olin Mathieson employees have operated credit unions for over 20 years. The personal financial help and encouragement derived from this activity have played a major part in maintaining a stable and efficient working force."*

FOR MORE THAN 100 YEARS people have joined together in credit unions to help each other cope with everyday money problems.

The idea is simple. A group of individuals who share a common bond, such as employment by the same firm, operate their own borrowing and saving organization under state or federal supervision. Loans are low in cost, and savings earn a good return. Located right where people work, a credit union provides a convenient and friendly place for regular pay day saving and understanding help.

Although an employee credit union requires little, if any, expenditure on the part of the company, the benefits to management are many. People are financially more secure and happier. They are less prone to accidents and absenteeism. Problems like wage garnishment and pay advances practically disappear.

Today, some 20,000 credit unions serve nearly 10,000,000 Americans. The plan is heartily endorsed by management, labor, government and church. Mail the coupon below for facts on benefits a credit union can bring your company and your people.

OVER 5,000 members are served by the Olin Mathieson Employees' Credit Union. Credit unions work equally well in large or small companies. Some start with as few as 50 members. (Certain areas require 100 or more members.)

GEORGE BURNETT, (right) Olin Mathieson Credit Union treasurer, and carpentry foreman, Joe Hindman, discuss advantages of credit union loans. Members often pay cash with these low-cost loans to save on carrying charges on purchases.

WOODROW COMPTON, guard at the East Alton, Illinois plant, says, "I'd never have the savings I've got today if I didn't belong to the credit union." Convenient location and a good return make credit union saving an easy habit to acquire.

CLIP AND MAIL

Credit Union, Dept. 306, Madison 1, Wisconsin

Please send me, without cost, complete information on organizing a credit union.

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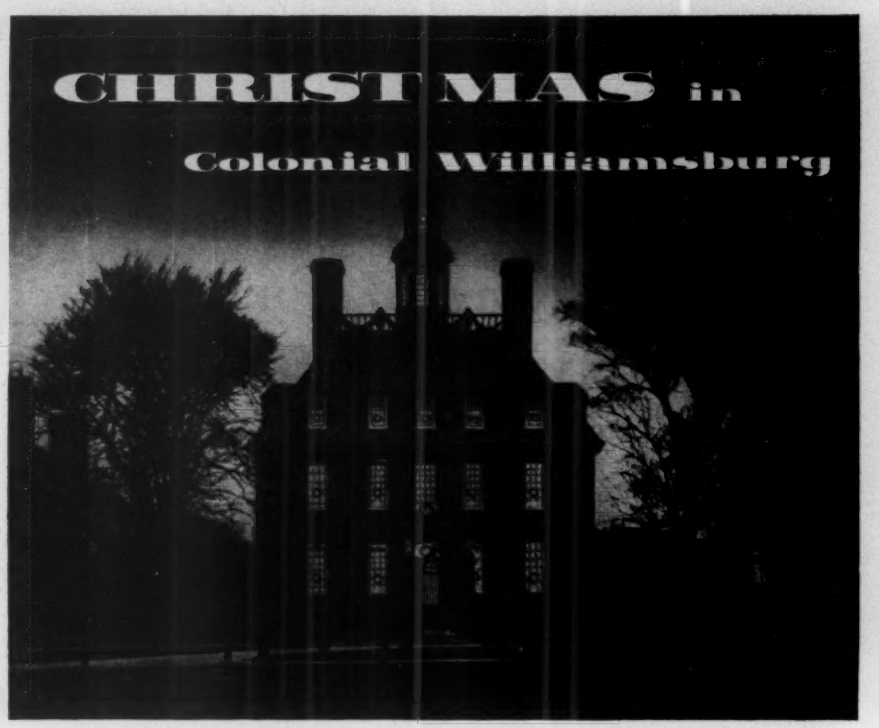


Lighting The Way To A New Future

"That the future may learn from the past" is the guiding principle of Colonial Williamsburg, the restored 18th century capital of Virginia. Here the clock has been turned back 200 years to reveal the past in all its gracious splendor . . . costumed ladies and liveried attendants bustle about in preparation for traditional colonial Christmas ceremonies . . . horse drawn carriages once again move through quiet streets known to Patrick Henry and other patriots who shaped the future of our nation. And lighting the way to a new future, like the fiery words of Patrick Henry, is the power of our modern age . . . **electric** power. It shines from the windows of colonial homes and brightens famous Duke of Gloucester Street . . . and it runs the clocks that have turned back two centuries . . . it turns the modern machines that have lifted the curtain of time . . . For in serene Colonial Williamsburg as in the hustling Ports of Hampton Roads . . . in every corner of the flourishing **Top Of The South**, **Vepco** brings progress through power . . . dependable **electric** power.

For confidential facts on industrial locations and potential at the Top of the The South . . . write, wire or call today . . .

VIRGINIA ELECTRIC and POWER COMPANY

AREA DEVELOPMENT DEPARTMENT • RICHMOND 9, VIRGINIA

Budget Bureau points to savings in U. S. payroll . . .

in the making through requiring all federal agencies in a city to draw upon a single car and truck pool, where previously each maintained its own automobiles.

The growth of big Government, Budget Bureau officials say, has been arrested, and its size perhaps reduced. This arises from encouraging local and private initiative to undertake functions that were formerly federal. One measure of this: The number of civilian employes of Government has shrunk by 181,000 since the Eisenhower Administration took over. Despite some pay raises ordered by Congress in the interim, the federal payroll has been reduced 298 million dollars annually.

There are budget items, of course, over which Mr. Hughes has no control, and these sometimes provide offsets to savings in other fields. In the fiscal year 1954-55, because of bumper crops, payments for farm price supports increased by 1.9 billion dollars over the year before. In the current fiscal year, 1955-56, interest payments are expected to climb 308 million; payments to veterans, 383 million.

Yet the cumulative effect of the economies instituted by Mr. Hughes is to bring the total of budget expenditures constantly downward, from 67.8 billions in 1953-54 to something near 63.8 billions this fiscal year. These reductions plus rising revenues create the balanced budget now in prospect for this year.

Two balanced years? Mr. Hughes is hopeful of another balanced budget in the year that begins next July, too. For one thing, total appropriations, usually expended a year or more after Congress votes them, have been declining. For another, most economists foresee continued good business next year. It is, however, an election year.

Spending is to be popular with members of Congress who come up for reelection. Increased appropriations for schools, roads, flood protection in the Northeast, plus a reduction of taxes, are in the wind. Unless business continues very good, all this could produce a deficit for fiscal 1956-57.

The budget is the President's own document. He submits it to Congress and is responsible for it. Mr. Hughes is the President's chief of staff for pulling the figures together, holding them below previously set ceilings, seeing that everything is done in conformity with Administration policy. The President entrusts this big job to Mr. Hughes, has every confidence in him.

The Budget Director is a "sound-money man" in the old-fashioned concept. For

. . . Mr. Hughes has studied federal spending since '30s

that reason, and others, he works in easy collaboration with George M. Humphrey, the Secretary of the Treasury, in planning the Government's finances. Mr. Hughes has a horror of what he calls the "habit-forming wonder drug of inflation."

The Director got his views in the banking business. Born in New Jersey in 1896, he was graduated from Brown University and immediately went to work for the National City Bank of New York. That institution became his career. He was assigned to the Orient for a decade, then was called home and began a rise that took him to a vice presidency and the office of comptroller of the bank.

In the latter job Mr. Hughes kept track of some 6 billion dollars' worth of assets and investments scattered around the world, and also kept a sharp watch on National City's costs. Meanwhile, in the '30s he became impressed with the impact of the Government's financial operations on the economy as a whole. He and other banking friends formed a study group to go further into the subject, and Mr. Hughes achieved a reputation in the banking world as an authority on the national budget and taxation.

After World War II, he was one of a group of 40 experts in taxes, accounting, economics and business to come to Washington, not at Government expense, to help top Republicans of the Appropriations Committees of Congress. Democrats then were in control at the Capitol, and the Republican group had difficulty getting all the information it needed. After the Republicans took Congress in 1946, the situation was reversed and Mr. Hughes and his colleagues were much consulted.

In 1953, the career banker returned to Washington, this time to become Deputy Director of the Budget. In that capacity he served an apprenticeship under Joseph Dodge, whom many in Government consider the tightest penny pincher ever to direct the budget unless that title now goes to Mr. Hughes. In April, 1954, Mr. Dodge returned to banking in Detroit and Mr. Hughes took the top job.

As the budget's chief, Mr. Hughes has learned that the price of economy is constant vigilance, constant pressure on the departments and agencies.

When Government costs "are not an issue, expenses multiply," he says, "and when costs are made an issue, savings multiply." Costs, he adds, "have been made an issue the past two and one-half years and will continue to be made an issue."

That means keeping the economy heat on, day after day. And this has become Mr. Hughes's specialty.

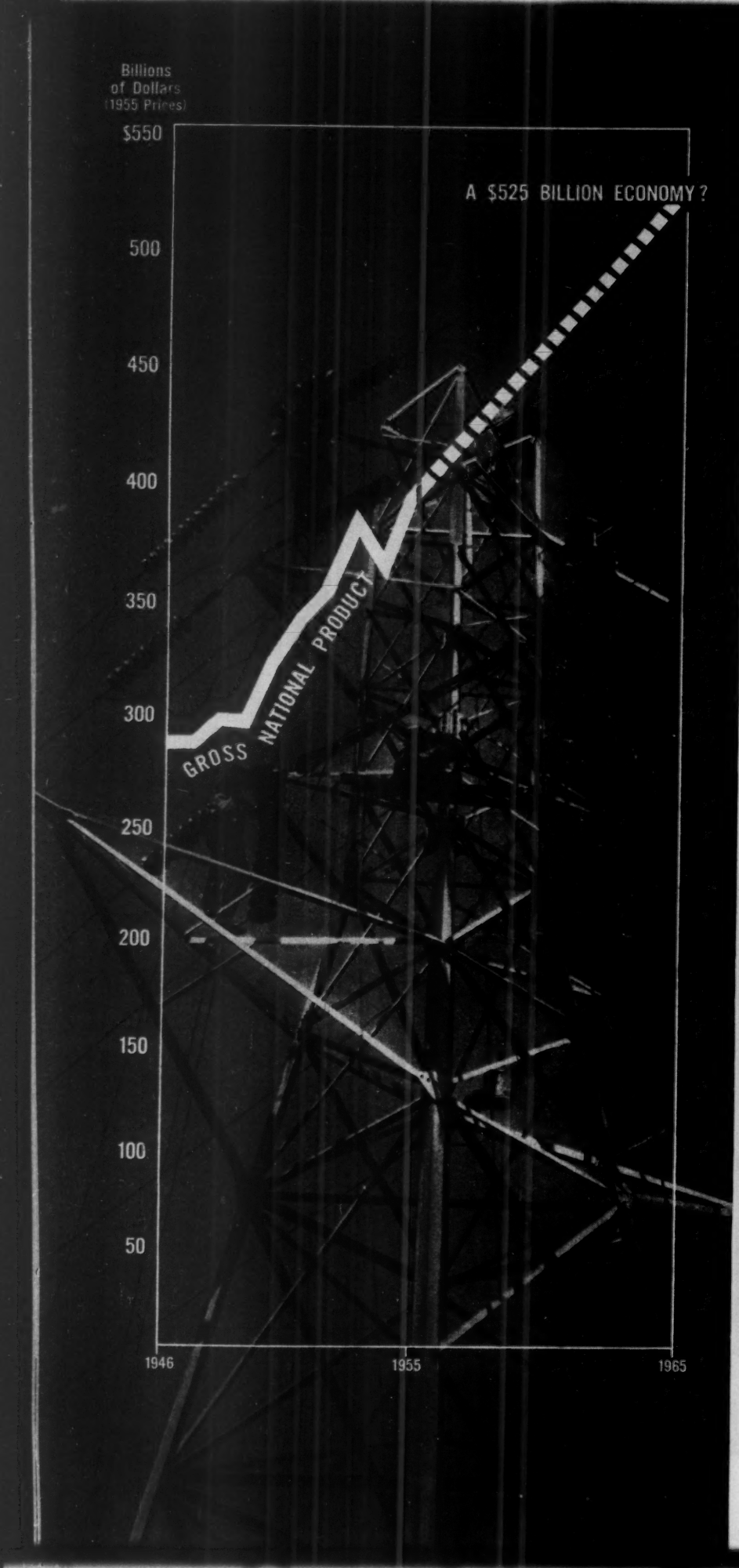
ROLLS-ROYCE
powers the VISCOUNT

The propeller turbine engines that power the VISCOUNT* are precision built to world famous Rolls-Royce standards — and proved by more than a billion passenger miles. They give the VISCOUNT exceptional speed with a minimum of noise and vibration. For the quietest, smoothest flight you've ever known, specify the VISCOUNT.

**The world's first turbo-prop airliner.*

Fly the VISCOUNT between Chicago, Detroit, Cleveland, Pittsburgh, Norfolk, Washington, New York

Capital AIRLINES



WILL ECONOMIC GROWTH CONTINUE?

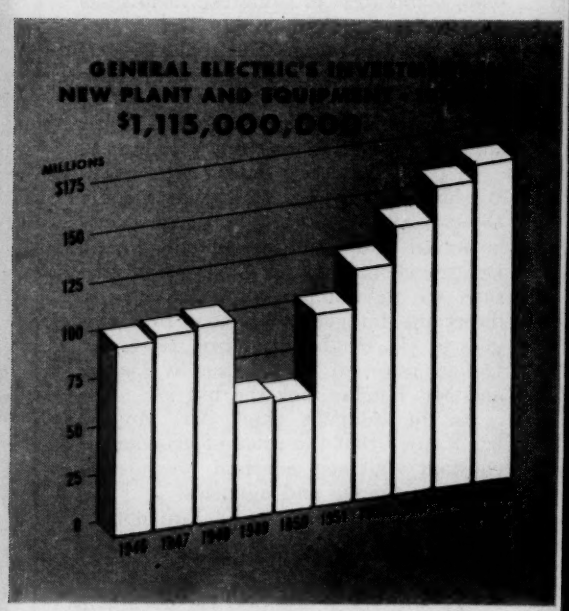
General Electric

Since 1946 General Electric has invested more than a billion dollars in new plants and equipment to prepare for America's future growth—double that spent in all our previous history

By 1965, there will be 192 million Americans—27 million more than there are today. Forecasts indicate they will demand 40% more goods and services than the country will produce in 1955 and we expect them to want twice as many electrical products.

These prospects are encouraging for the nation, but they are challenging, too: there is nothing automatic about prosperity. The $525 billion economy possible in 1965 will be reached only if there continues to be bold, long-range planning and preparation. In our opinion, American businesses, large and small, have the judgment and initiative needed to meet the challenge.

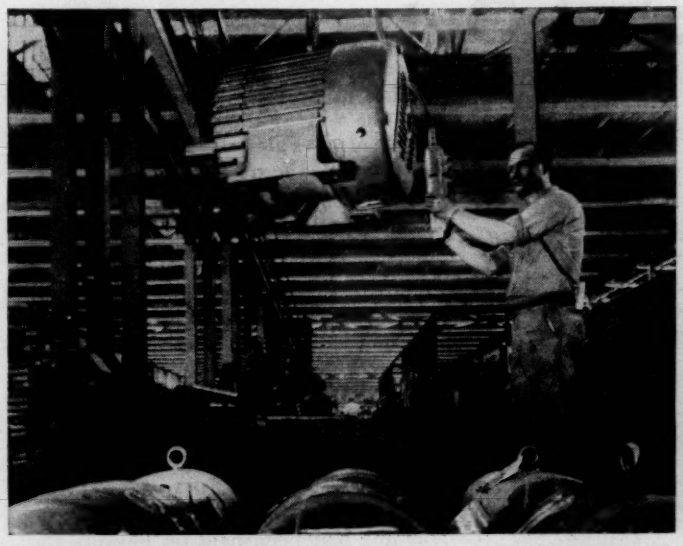
General Electric, for example, has invested more than $1 billion in plants and equipment since World War II—$165 million in 1955 alone. On these pages are some of the steps we are taking to help provide the products, the jobs, and the standard of living hoped for in the next few years.



If you would like us to reserve a copy of our 1955 Annual Report, with an account of our preparation for the future, write to General Electric, Dept. R2-119, Schenectady, N. Y. Your copy will be sent to you early in 1956.

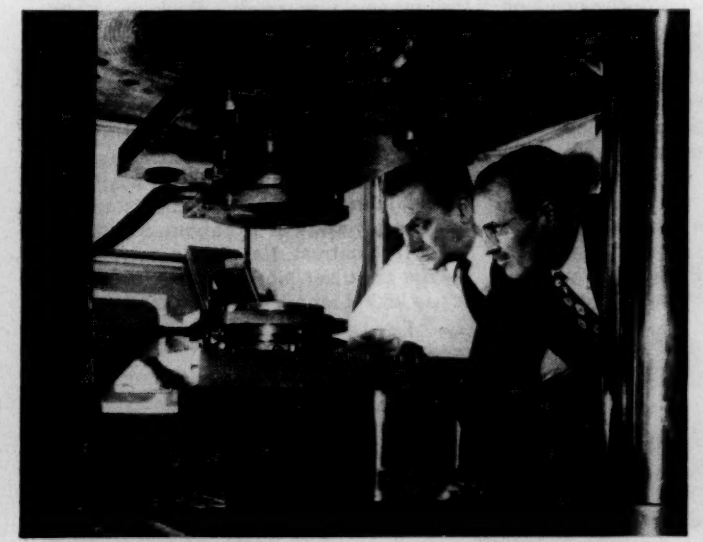
(Advertisement)

has a billion-dollar belief in U.S. progress

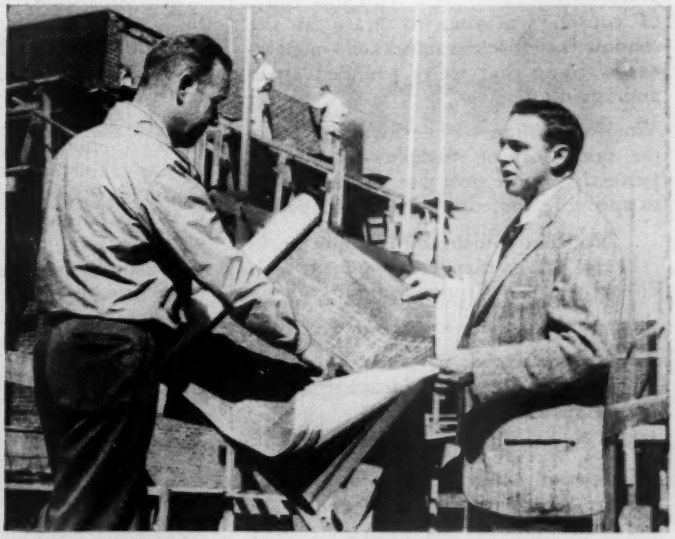


Older plants have been improved. In locations where General Electric has had plants for many years—such as Lynn and Pittsfield, Mass.; Erie, Pa.; and Fort Wayne, Ind.—we have a continuing program of plant improvement. In Schenectady, N. Y., for example, we have completely modernized a 4-acre electric motor factory (above) as part of an $80 million improvement plan for our plants in that city.

43 new plants have been added by General Electric since 1946, so that we now have manufacturing facilities in 105 cities in 28 states. This investment has resulted in new jobs and new payrolls to dozens of communities. In Anniston, Alabama, for instance, General Electric's new television-tube plant (above) created 2,000 jobs and brought to Anniston its first major industrial payroll since 1947.



12 new laboratories have been opened. In today's technological age, research creates new products and jobs. 70,000 General Electric employees today are working on products we didn't make 15 years ago. One recent example: Man-made diamonds, produced by a 1,000-ton press in our Research Laboratory (above), will mean future jobs at General Electric's Carboloy Department in Detroit.



Manpower development programs have expanded. Each year, more than 25,000 employees take advantage of Company-conducted training programs. The most recent step taken to assure men of leadership is General Electric's Management Research and Development Institute. (Above, right, Marc A. deFerranti of G.E.'s Manager Development Consulting Service reviews construction progress.)

Progress Is Our Most Important Product

GENERAL ELECTRIC

THE DOG AND HIS BONE

It was big and juicy, and as he padded home with it across the footbridge, he caught sight of his reflection in the stream below.

Thinking that two bones were better than one, he dropped the one in his mouth, greedily grabbed at the second—and saw the real bone vanish with a splash.

What Aesop really said with this story, of course, was that to grasp at the shadow is to lose the substance—a clear-cut warning that we've sounded again and again ourselves.

Time after time we see investors make the same sort of mistake—abandon a perfectly sound program of their own to spring at something that looks better.

Not that you should just buy stocks and forget them . . .

Not that you should ignore opportunities to improve your portfolio.

But just remember to take that second look *first*, to check the facts before you buy—or sell.

How?

That's easy. We'll be happy to give you all the information we can about any particular industry, company, or stock . . . be glad to send you an objective appraisal of your present holdings.

No charge, of course, no obligation either. Simply address your letter to—

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Where Public Power Was Voted Out

A county election in the Northwest now is attracting national attention. There, in an area where public power often is favored, a private power company got the voters' approval, by a big majority.

As a result, a publicly owned power agency is being sold to a private utility. That's the reverse of what was happening in the past.

COLVILLE, Wash.

In Stevens County, Washington, the voters have just given a private utility company the right to buy out a 20-year-old public-power unit that tried to run the private company out of business.

Stevens County is deep in the heart of the Pacific Northwest, a stronghold of the public-power idea. It is not far from Grand Coulee Dam, a massive symbol of government-owned power.

Yet local voters, given a chance to make a choice, picked a private utility as their power supplier for the years ahead.

What happened in Stevens County was this:

Washington Water Power Co., a Statewide private utility serving the town of Colville, in Stevens County, offered to serve the rest of the county outside of Colville at rates almost 50 per cent below the rates of the publicly owned unit, known as the Stevens County Public Utility District. This PUD had been serving the rural area since 1936.

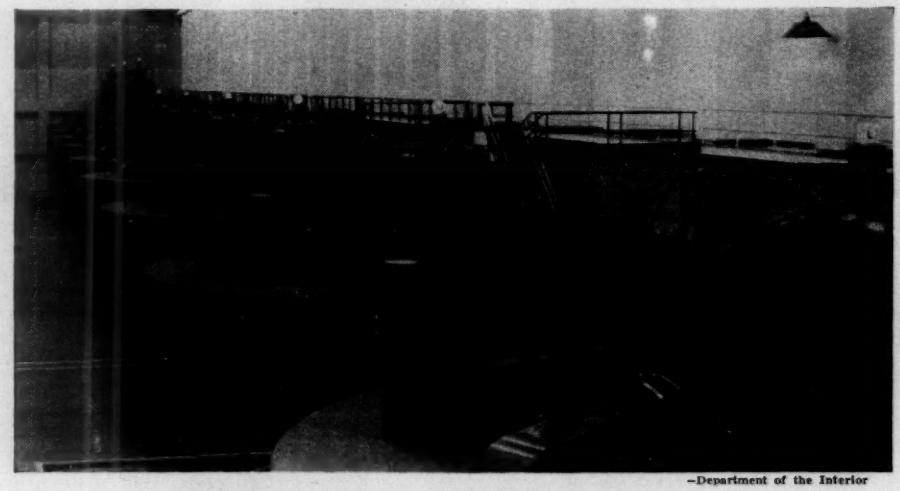
The power company offered, in addition, to bring power to rural customers whom the publicly owned utility had failed to serve after 20 years in business.

The power company agreed to keep on its payroll any PUD employes who wanted to stay.

The power company promised to go ahead with a 4-million-dollar transmission line running through Stevens County. This line had been held up because the company feared that the public agency would condemn, and buy for its own use, any added facilities that the company installed in Stevens County.

The power company contracted to pay the PUD $2,905,000 for its facilities, and the money was ready. Back in 1948, when the publicly owned utility tried to buy out the company, it was unable to raise the 2.5 million dollars that the deal required.

As a clincher, the power company impressed on voters that, given the right to operate in the county as a whole, it would increase its tax payments to the county government by about $17,000 a year. By contrast, the public agency has been a tax taker, not a tax producer, and it has levied an average of $8,000 a year



—Department of the Interior

INSIDE GRAND COULEE DAM
Near by, private power won a victory

in extra assessments of taxes on its customers since 1936.

Given all these facts, the voters figured they had a bargain and went for it. In a special election, 5,009 Stevens County voters, or 71.2 per cent of those voting, approved the sale of the publicly owned power lines to the Washington Water Power Co. Opposing were 2,028 voters, or 28.8 per cent of those voting.

Most of the county's voters, 72.7 per cent of the voting population, went to the polls in the hotly contested battle. That was a greater turnout than in the presidential election of 1952, and it came despite a snowstorm.

A pocketbook appeal. The vote showed the power of a pocketbook appeal. Supporters of the PUD brought out slogans against "power monopolies" among private utilities.

It was hinted that there would not be enough power for local residents if they relied on the utility company. Officials of the Washington State Grange, a farm organization, joined with other supporters of public power in a big campaign to defeat the private company.

On its side, the Washington Water Power Co. made an aggressive fight to get its case before the voters.

Apparently, voters just chose what they figured was cheaper service.

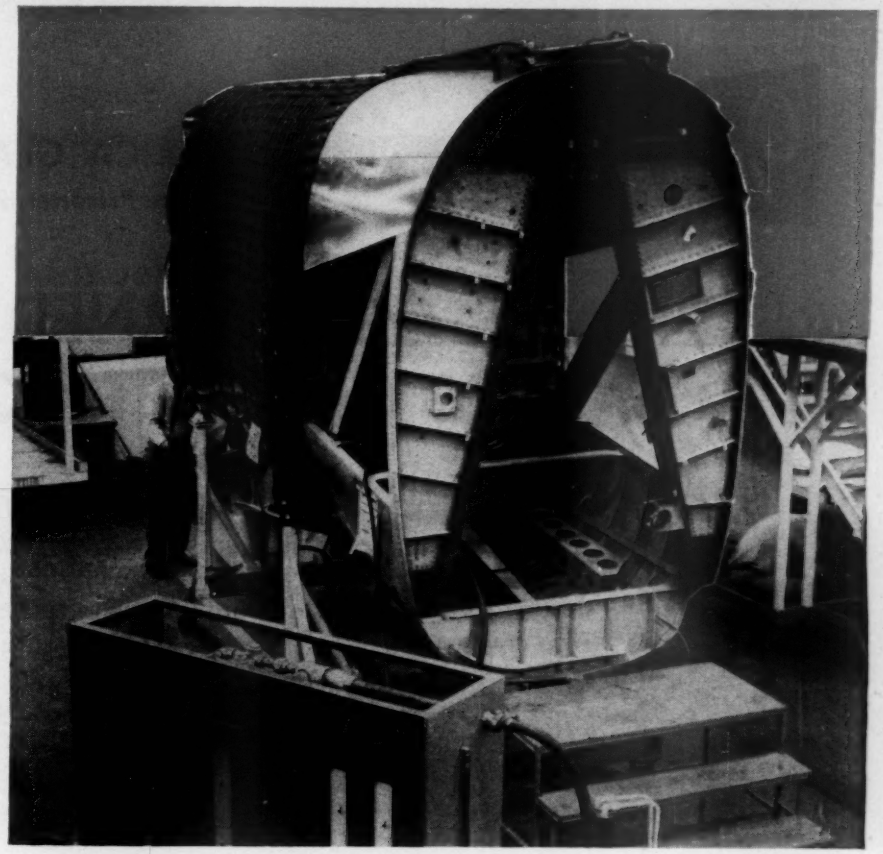
A chapter ended. The vote ended a chapter in the story of public vs. private power that began in 1936. Then, the Stevens PUD was set up under a State law that promoted similar agencies in 21 other Washington counties—about one out of two counties in the State. The publicly owned lines were to bring the farmers cheap power from federal dams such as Grand Coulee.

Before many years passed, the PUD's officials began to plan to move in on the power company, which was already established in the more lucrative market of Colville.

In 1948, the PUD exercised its special powers as a public agency and tried to condemn and buy out the power company. That failed. In 1953, it began another effort to oust the company.

The PUD's own customers, however, noted the cheaper rates and wider service offered by the private company. They forced the PUD commissioners to agree to a special election where the consumers, as voters, could judge the two systems. That produced the hands-down victory for the private company.

A new chapter? To opponents of public power, the Stevens County decision is taken as a signal that voters elsewhere, if given a chance to make a choice, might go for a private company in preference to a public-power system.



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Interview with MRS. ERICA GLASER WALLACH

Former Prisoner of the Reds

"I WAS CONDEMNED TO DEATH BY A SOVIET COURT"

Sudden arrest, five years in as many Communist prisons, then sudden freedom—

That is the story of Mrs. Erica Wallach, who set out in 1950 to try to find her foster father—the then-missing American, Noel Field.

This is her own graphic account of what befell one former Communist who "vanished" for a time behind the Iron Curtain.

Why was she seized as a spy? Why was she condemned to die, then resentenced to serve 15 years in an Arctic prison camp, then released by her Russian jailers?

Mrs. Wallach reached England last month, where she now lives with her mother. She was interviewed by Albert J. Meyers, a Regional Editor for *U. S. News & World Report*.

The Noel Field she set out to find in 1950 is now living in Communist Hungary.

At EPSOM, England

Q Where were you living, Mrs. Wallach, when you started out for East Berlin in 1950?

A In France—in Paris and later in a town near the Swiss border.

Q How long were you in East Berlin before you were arrested?

A About an hour. I arrived at Tempelhof [airfield] in West Berlin about 1 o'clock in the afternoon. By 4 o'clock I was under arrest.

Q Who actually arrested you?

A I was arrested by German police who later turned me over to the Russians.

Q Did they say why they were arresting you?

A Yes, it was for espionage. In the course of the questioning this came out.

Q Did you deny the charges?

A Yes, of course.

Q Did they say what you were supposed to be trying to do as a spy?

A No. The fact that I had come to East Berlin was proof to them that I was a spy.

Q All the newspapers at the time said you had gone to East Berlin to try to get information about Mr. and Mrs. Noel Field. Was this correct?

A Yes, that is true.

Q Were the Fields your adopted parents?

A No, that is not true; that is a misconception. I was never adopted by the Fields. My parents were both living. I think the American term for it is foster daughter. The Fields simply took care of me.

Q Where did you meet the Fields originally?

A It was in France in 1939. I had been in Spain and was very ill. My parents were unable to take care of me, so the Fields did so. They suggested to my parents that they take me to Switzerland and look after me. My parents later went to England and I was in Switzerland when the war started.

Q What was Mr. Field doing then? Did he work for the United States State Department?

A He had worked for the State Department a long time ago, in the '20s, I think. Anyway, he was working for the League of Nations at that time.

Q What were the circumstances of Mr. Field's being arrested by the Communists?

A He disappeared in Prague. During the war he worked as director of the Unitarian Service Committee in France and Switzerland, helping refugees. In 1947 he quit his job with the Unitarians and was not working at all. He continued to live in Geneva and he traveled extensively, collecting material for articles and a book. He was on such a trip when he disappeared.

Q What happened to Mrs. Field?

A She remained in Geneva when he went to Prague. When he disappeared she went to look for him and was arrested herself. Mr. Field's brother, Hermann, started out to look for Noel about the same time as his wife. He went to Warsaw and was on his way to Prague when he was picked up. He was arrested a few days before Mrs. Field was, in 1949.

Q When did you start out to look for them?

A In 1950.

Q Had you had any communication from them? Did you have any idea what had happened to them?

A No, I had not the slightest idea—only what I saw in the newspapers.

Q It has been reported that Mr. and Mrs. Field, after they were released from prison, asked for asylum behind the Iron Curtain. Have you any idea why they would want to stay there?

A No, I don't. It seems strange that he would ask for

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More on the Mystery of Noel Field: Why the Russians Sent His Foster Daughter to Prison Camp at Vorkuta as a Spy

asylum, since that would mean that he wants to stay there permanently. I understand he is ill, but in that case he would only want to stay there for a while.

Q What happened to you after you were arrested?

A I spent two and one half years in Berlin, in German and Russian prisons.

Q Then what?

A I was condemned to death by a Soviet military court in Berlin.

Q How many days did the trial last?

A It ended about 7 o'clock the third day. Then they took me back to my cell. At about 11 o'clock they brought me back to the courtroom and told me I was condemned to death. They said the decision of the court was final and that there was no appeal. They took me back to my cell, and after a few days I was sent to Russia—first to a prison in Brest and then to Moscow. [Brest is the former Polish city of Brest-Litovsk.]

Q How long were you in prison in Moscow?

A I was kept there for six months, awaiting execution or whatever was to happen.

Q Were you put in a cell with other prisoners?

A No, I was put in solitary confinement.

Q What sort of food were you given in prison?

A Mostly cabbage soup and *kasha.*

Q What is *kasha?*

A It looks like a sort of porridge. It's a sort of cereal food, although I really don't know what it is.

Q What was a typical menu?

A In the morning, a ration of bread, tea and sugar. Then for lunch, cabbage soup—which is mostly water and cabbage —and *kasha.* And in the evening, a kind of fish soup.

Q What did you do all day in your cell?

A Nothing. Mostly walked up and down—and thought.

Q Did you have anything to read? Could you write letters or anything?

A No, there was nothing to read, and I could not write or do anything like that.

Q You said you were kept in prison in Moscow for six months awaiting execution. What happened then?

A After six months, I was informed that my sentence had been commuted from death to 15 years in a labor camp.

Q What labor camp were you sent to?

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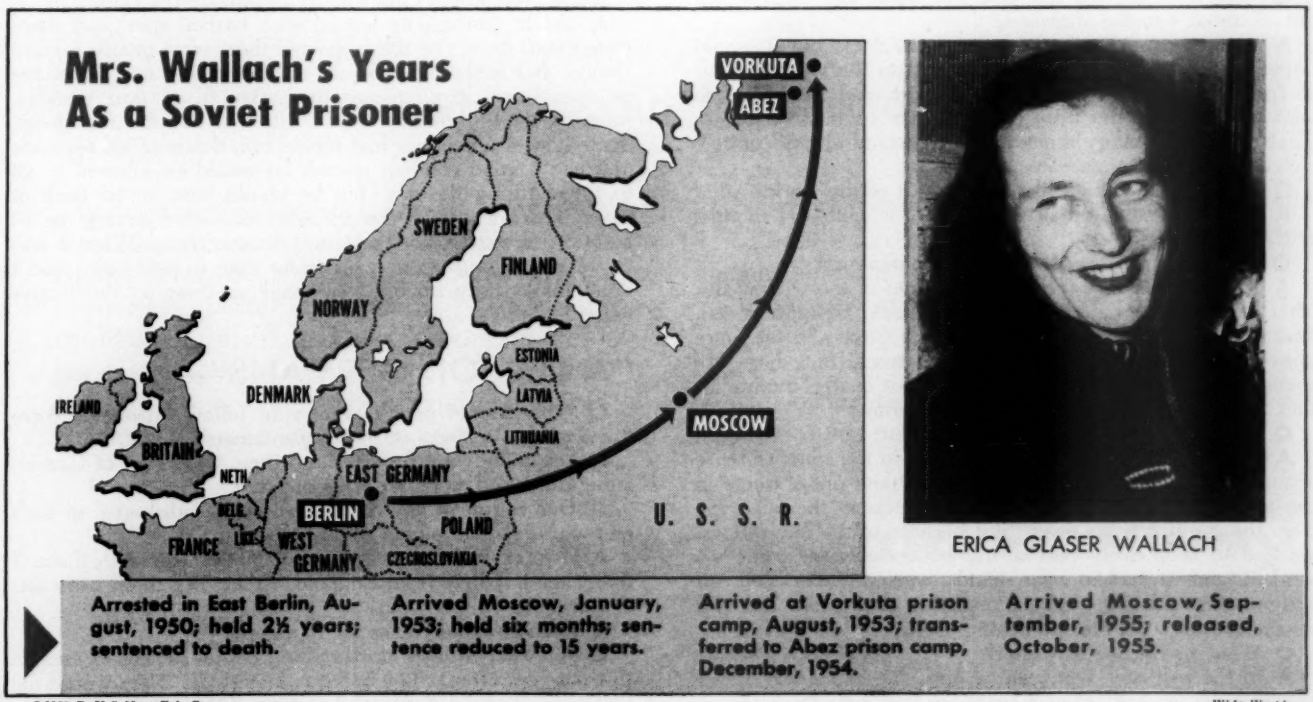

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—Wide World

. . . "The more we worked, the more we were paid"

A To Vorkuta. I arrived there in August, 1953.

Q Where is Vorkuta?

A It is in the northeast of Russia, just north of the Arctic Circle and just west of the Ural Mountains.

Q How long did they keep you at Vorkuta?

A I was there until December, 1954. From there I was moved to a camp at Abez.

Q When you arrived at Vorkuta, did they put you in a cell or in a barracks with other prisoners?

A We were put into a barracks.

Q What did you have to do there?

A We worked, building railways and roads.

TIME TO GET UP: 4 A.M.—

Q What time did you get up in the morning?

A We were called at 4 o'clock and started work about 6.

Q What did you do between 4 and 6?

A Got up, had breakfast, and so on.

Q How long did you work?

A Working hours were eight, but we worked far away from the camp and had to go there by train.

Q What sort of work did you do? I read in one of the papers that you had to work with a pick and shovel. Is that right?

A Yes. When we were building the railroad which was to run to a new mine over toward the Ural Mountains, we had to clear the tundra and we started out by cutting bushes, and so on.

Q Did you actually lay the railway track, put down the wooden ties and all of that?

A Oh, yes, we did everything like that. And the more tundra we cut away, the farther we were from the camp.

Q How did your day go? Did you work, say, from 6 and get off about 4 in the afternoon?

A Well, we usually finished about 4 o'clock, but it would depend upon what we were doing and on the weather, and so forth. And sometimes we would finish and then have to wait around until the train came to take us back to camp. That meant that many times we would stand around until 7 o'clock before the train came.

Q What is the climate like in that part of the world?

A There is a saying that in Vorkuta it is winter 12 months of the year.

Q What was the weather like in the summer?

A It was just as hot then as it was cold in the winter. But after two or three days of summer it would be quite green. You see, Vorkuta is north of the Arctic Circle, so we were above the tree line and there are no trees. But there are some very beautiful flowers that come out on the tundra. In fact, it is quite a beautiful place in the summer.

Q What is tundra like?

A It is sort of a swampy ground. And in the summer there are millions of mosquitoes. When we worked out-of-doors in the summer it was terribly hot, and because there are no trees the sun just beats down. But because of the mosquitoes, we had to keep every part of our bodies covered while we worked, and we had to wear shields over our faces. You can imagine that all this clothing made us even more hot and uncomfortable with the sun beating down.

Q What was it like in winter?

A In the winter, it was just the opposite. We almost never saw the sun, except when it came up just over the horizon. And in the spring and fall the sun would be up and the snow was on the ground and the glare was terrible. And we would get sunburned. Because of the glare of the sun, we used to wear things over our faces with just parts like our noses showing through, and these parts would get sunburned while the rest of our faces remained white.

Q Did you get any days off, or did you work seven days a week?

A We got four days off a month. That is, we got four Sundays a month off. If there were five Sundays in a month, then we had to work on the fifth Sunday.

Q What did you do on your days off?

A Most of the women slept or did odd little things.

Q Could you read? Were there any books?

A Yes, they had a large library in the camp.

Q What sort of books were they?

A There were the standard Communist works. But most of the books were the classics—the Russian classics, Tolstoy, Pushkin, and so forth.

Q Did the Russians pay you for working? How was that arranged?

A We were paid. The more we worked, the more we were paid.

Q How could you spend the money? Was there some sort of shop or canteen in the camp, or could you go to a store in Vorkuta?

A There was a shop in the camp. It was open at certain times. We couldn't go to any stores.

Q What sort of things did they sell in the shop?

A Oh, you could buy food, some cosmetics, textiles and some clothing like blouses and those things. They weren't very fashionable. They were sold at the same prices as in the regular stores.

Q But you weren't allowed to go outside the camp?

A No. It was heavily fenced with barbed wire, and there were guard towers on the fence and there were guards around always. But sometimes, toward the last of my stay there, the prisoners were given passes for a day to go into Vorkuta. Most of these were the Soviet citizens, not the foreigners. Sometimes if a prisoner had served two thirds of his sentence and had a good conduct record, he would be allowed to go to town during the day, but he would have to be back at night. This was mostly the prisoners who were serving the 10 and 15-year terms, not those with longer terms. When I was at Vorkuta, things were a lot easier than in past years and I don't think the prisoners were paid anything in those days when Stalin was alive.

"A LOT OF GERMANS"—

Q What sort of people were your fellow prisoners? Were there many Russians, or mostly foreigners?

A Yes, there were Russians and there were a lot of Ukrainians. And I also met a lot of Germans.

Q Did you meet any Americans, any Englishmen, or anyone whose native tongue was English?

A If there were any Americans, I never ran into them. I didn't see anybody from England, either. But there were lots of Germans.

Q Didn't anybody ever try to escape?

A We used to hear stories about people trying to escape. But not very often. They had no place to go. They would die

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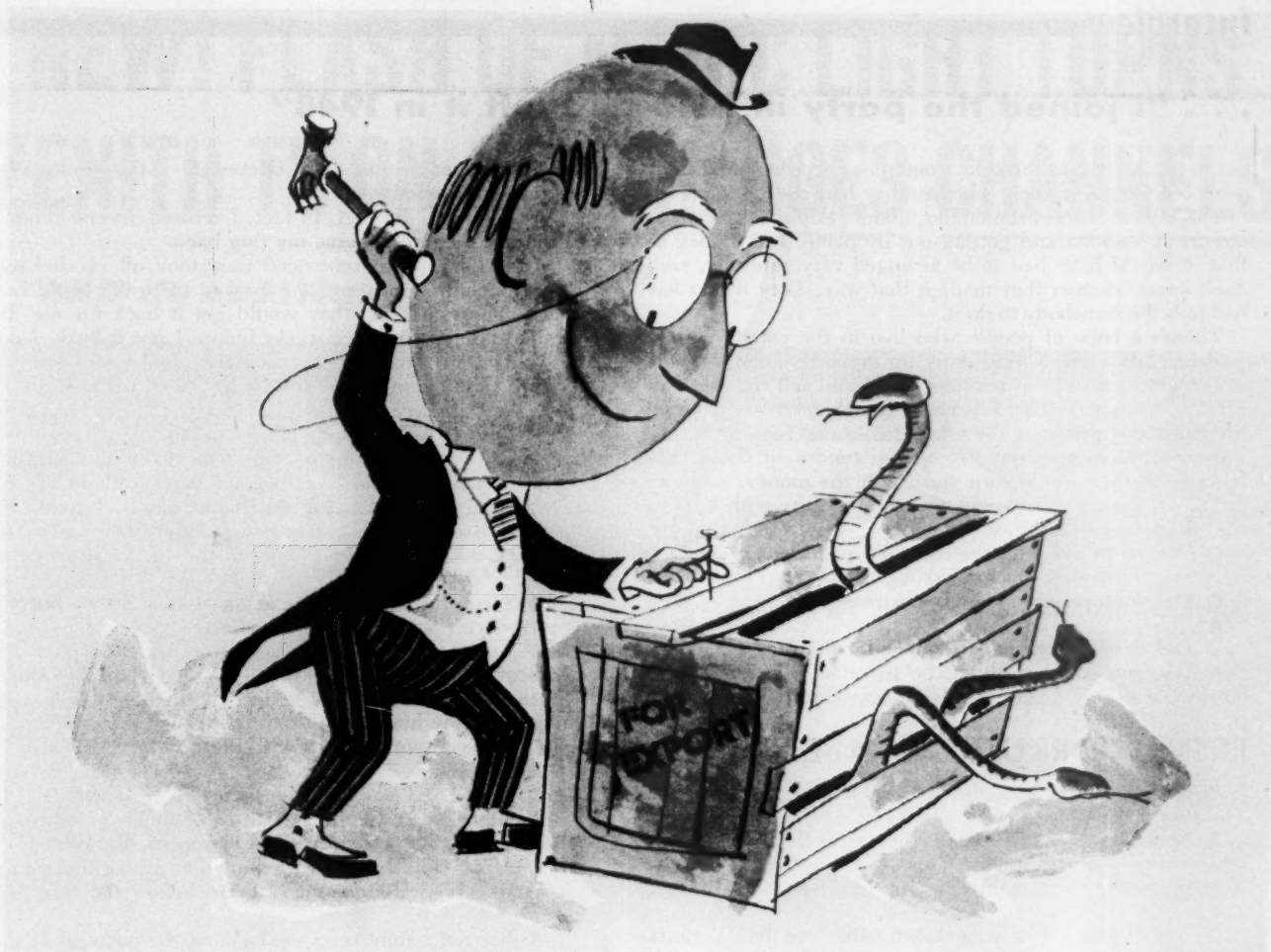

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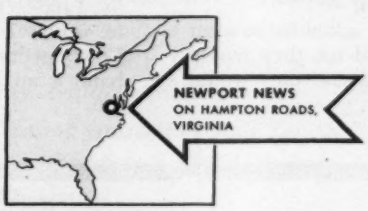

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. . . "I joined the party in 1946 and left it in 1948"

out in the tundra, in the cold. Sometimes people would disappear, but we never knew whether they had gotten out or not.

There were stories, sometimes, about people getting to the airport at Vorkuta and getting out by plane. But if they did that, it would have had to be arranged very carefully, and I don't know whether they made it that way. They would have had to bribe somebody to do it.

There's a tribe of people who live in the country around Vorkuta called the Komis, who are nomads. They live right in the tundra and keep reindeer herds and sell the meat and furs to the towns. The Russians offer these tribes a bounty to return any prisoners they find out in the tundra. So even if you could escape and live in the tundra, if these tribes found you, they would turn you in for the money. So there's not much chance of escaping and getting away with it. It's so cold that you couldn't live.

Q Were you ever mistreated while you were in Vorkuta?

A No, not while I was in Vorkuta.

Q Did you ever see anybody mistreated?

A No.

Q Did the barracks have sanitary facilities?

A Yes, you could wash in the barracks. The toilets were outside, and that made it rather uncomfortable in the cold.

FROM VORKUTA TO ABEZ—

Q Mrs. Wallach, how did it happen that you got out of Vorkuta?

A About the end of 1954 all foreigners—that is, everybody who wasn't a Soviet citizen—were taken out of Vorkuta regardless of their nationality or citizenship and sent to other camps.

Q Abez, where you were taken after you left Vorkuta—was it a camp just for those who were not Soviet citizens?

A No, it was an ordinary prison camp. But there was no outside work to be done—in other words, the only work to be done was that necessary to maintain the camp itself.

Q How long were you held in this camp?

A I was there until September of this year.

Q Where did you go then?

A Another prison. This was in Moscow. They told me they had taken me out of the prison camp and brought me to Moscow because my sentence had been annulled.

Q Did they tell you why?

A Yes. They said they had gone over my record—the record of my arrest and trial—and they discovered that I might not have been a spy after all. I asked them, "What does this mean? What will happen next?" They said, "We will look through the record, and if we find that you are not guilty we will free you. If we find that you are guilty, or guilty in part, you will get another trial."

I told them I was very glad about this, because it meant that I would go free because I was not guilty. They asked me a lot of questions and wrote down every word of my answers. I had to read through these carefully, and then sign my name.

Q Then they let you go?

A Yes, they let me free. And they apologized for their mistake.

Q What did you do when they freed you?

A They took me to a hotel in Moscow. I asked them what I had to do to get out of Russia. They told me they would take care of it. They were most helpful and said they would give me anything I wanted.

Q In other words, they offered to make restitution for having imprisoned you?

A Yes, but I refused. In fact, I refused several times, but I did ask them to give me my ring back.

After I had been sentenced they took all my belongings away, including my ring, and I asked them if I could have it back. They said yes, they would get it back for me. But I waited around for three weeks before I got it back. I would ask them every day about it, and they said they were having a hard time finding it because it had been taken from me in Germany five years before.

They kept saying that if they couldn't find it they would replace it at full value, and they took down a description of it and everything. But I said, "No, I don't want money for it, I want the ring back." And finally one day they found it and gave it back to me. I didn't want any money from them. But they made me take money to live on in Moscow. They insisted on that.

Q When they set you free in Moscow, did they put you in contact with anybody from the West?

A No, they didn't, but the American correspondents in Moscow found me. And then I learned that the American State Department had intervened with the Russians, at the request of my husband, to try and get me free.

Q Did you get in touch with the American Embassy?

A Yes, I did.

Q Where did you go when you left Moscow?

A I left Moscow on the 27th of October. I went to East Berlin by plane, and from East Berlin to the West by taxi.

Q Mrs. Wallach, you were quoted as saying that you were a member of the Communist Party before the war. Is that true?

A No, not before the war. I joined the party in 1946 and left it in 1948, in Germany.

Q Were you actually working in Germany for the Communists?

A Yes, in West Germany.

Q Can you tell me why you quit the party?

A I would prefer not to make any statement on that. I can't answer that in a phrase.

Q Why did you become a Communist?

A Why? Because I believed in the ideals they were putting across at that time.

"I WANT TO SETTLE DOWN"—

Q How do you feel about it now? Are you pretty well disillusioned with Communism?

A Yes, I am. I don't want anything more to do with that, or with any kind of politics. I just want to settle down in a home with my husband and children. I am not the person for politics.

Q Do you suppose the fact that you had been a Communist and had left the party had something to do with your going to prison?

A I suppose so.

Q What do you want to do now, Mrs. Wallach?

A I just want to lead a quiet, peaceful life with my family. I haven't seen my children for over five years. My daughter is now 7 and my son almost 6. He was 6 months old when I last saw him. My children are American citizens and my husband is an American. I would like to become an American, too.

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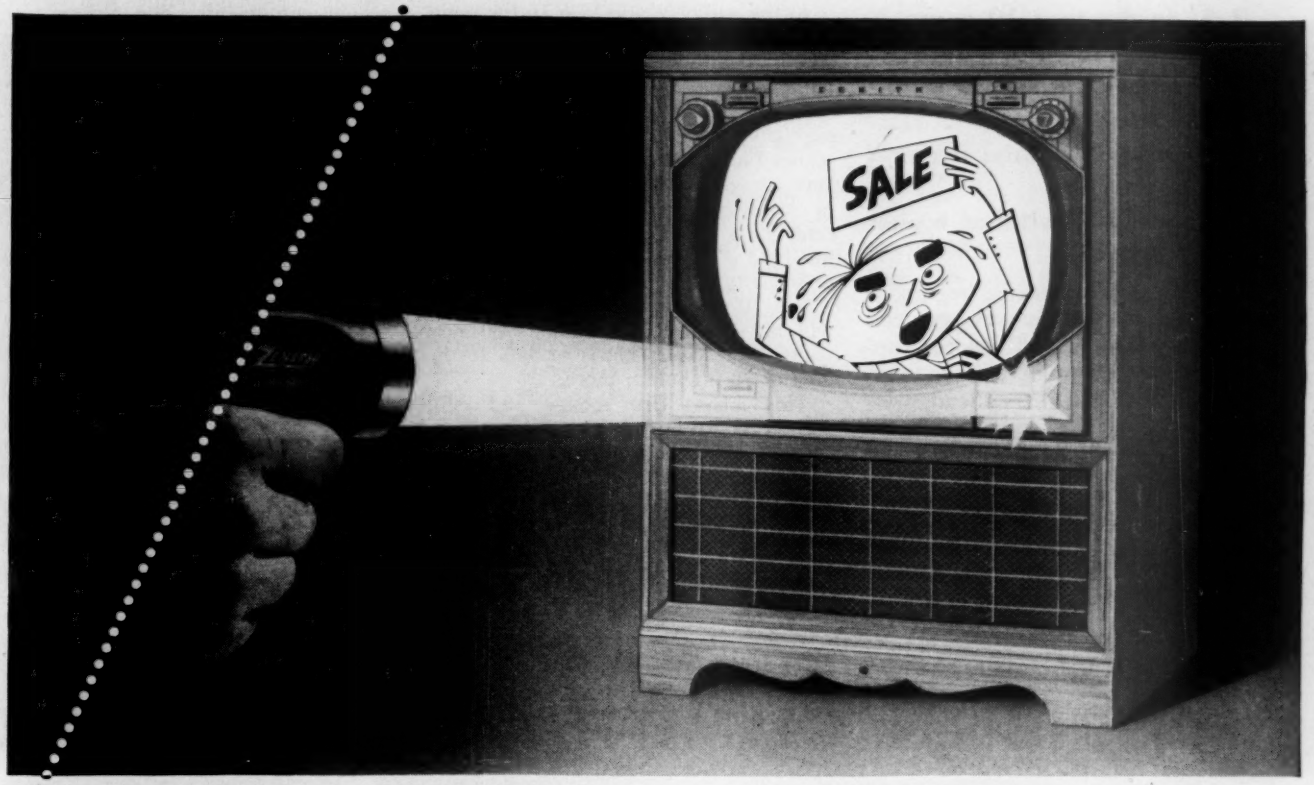

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

WHY YOUR SCHOOL TAXES WILL KEEP GOING UP

U. S., in the next 10 years, is going to have to build thousands of new schools, train over a million new teachers.

The cause is simple: a rising tide of youngsters.

The result is inevitable: higher taxes for schools.

After all of the talk and argument about the problem of schools, you can be sure of this much: Taxes for support of schools are going to have to go up still more in the years ahead.

If any uncertainty remains, it concerns only who will pay those taxes, and on what basis—whether it will be by taxes on real estate or incomes, or by consumers paying a tax on sales.

The reason why taxes for schools are to go up can be seen from a few rather simple and impressive figures.

At the end of World War II, the population of this nation's schools, from kindergarten through college, was about 28 million.

Today, barely 10 years later, the school population is up to 39.5 million. Neither school building nor teacher training has kept up with this growth of 11.5 million in enrollment, a gain of more than 40 per cent. As a result, the White House has just held a national conference to consider what to do about the school "crisis."

Yet, 10 years from now, in 1965, there will be at least 51.5 million American youths in school. That is to be a further gain of 12 million or more.

This means that money and effort will need to be applied in large and growing amounts if American youths are to get the kind of education that they are getting now. And the money, in one form or another, will have to come from the taxpayers.

There is almost nothing that can be done to slow or to reverse the growth of school enrollments. The reason is that babies are being born at the rate of about 4 million each year. The birth rate has increased steadily in the last several years and gives no present sign of slowing.

The result is that a rising tide of children will continue to flow through the schools for as many years ahead as anyone now can foresee.

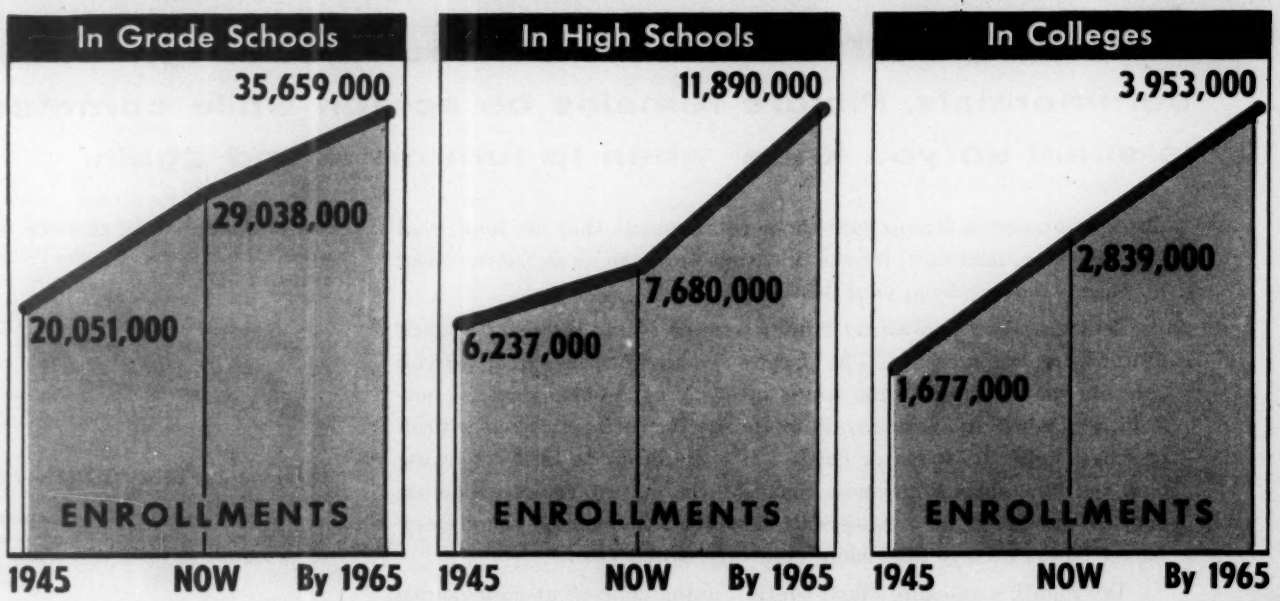
The biggest wave of school-enrollment growth is in the lower grades. Born in 1946 and 1947, these new pupils are the postwar children of returning veterans. This wave will hit the high schools about 1960 and in the next few years it will be at the college level.

No pat solution to this problem of soaring enrollment came from the White House Conference on Education. The one agreement was that the main burden of schools will continue to rest upon local communities.

This conclusion, in turn, suggests that real estate will continue to bear the heav-

School Problems At a Glance

RISING ENROLLMENT AND RISING NEEDS—



Note: ***All figures include both public and private schools. Figures for teachers, classrooms***

Basic data: U.S. Office of Education; National Citizens Commission for Public Schools; Fund for Advancement of Education

iest load of school support. Fifty-three per cent of all public-school money now comes from property taxes. It also suggests that there will be greater pressure on States to give aid to local communities, which would mean a bigger bite for schools from sales or income taxes.

Federal aid, now less than 3 per cent of all school expenditures, continues to be only a prospect for the future, with no assurance that large amounts will be approved.

New school buildings, needed to house the millions of new students, will be an important expense for taxpayers in the next 10 years.

Even now, educators say, there is a classroom shortage. By 1965, this country will need about 700,000 more classrooms than it now has. In the meantime, many buildings now in use will grow old and obsolete. To get the schools it will need, then, it is calculated that the U. S. will have to build 950,000 classrooms in the next decade. That would require a rate of 95,000 a year. Only 66,000 classrooms are being built this year.

A 10-year building program of the scope forecast would cost, by most estimates, from 25 to 32 billion dollars—a rate of at least 2.5 billion a year.

More teachers are going to be needed in the future. Here, again, the supply is already short—by 141,000, in the opinion of some school officials.

Ten years from now, the number of teachers required will be 460,000 greater. With thousands of teachers quitting every year—often for better-paying jobs—it is estimated that a total of 1.9 million new teachers will have to be trained in the next 10 years.

Higher salaries are regarded by school heads as almost a necessity if the nation is going to find that many teachers and hold those now teaching.

Other educational problems also may result in higher school costs. Criticism has been growing of the type of education now being offered. Many parents are complaining that children are not mastering the fundamentals—reading, writing and arithmetic.

Alarm is expressed at the decline—in this scientific age—of the number of American children studying mathematics and science. Warnings are heard that Russia is gaining on this country in training scientists and engineers. Improving curriculums, as well as new buildings and more teachers, will cost more money.

The increase in cost of schools, as a result of all this, is going to run into several billions of dollars in the years ahead.

At present, the U. S. is spending about 10 billion dollars a year on grade schools and high schools.

By 1965, it is estimated that this national school budget will have to go up to at least 13.5 billion dollars yearly, just to handle the increase in enrollment. And that figure does not take into account the steady rise in costs per pupil, or the demands for school improvements.

Add those factors, and some forecasters come up with a total 1965 school budget of around 19 billions—a 90 per cent increase over present spending.

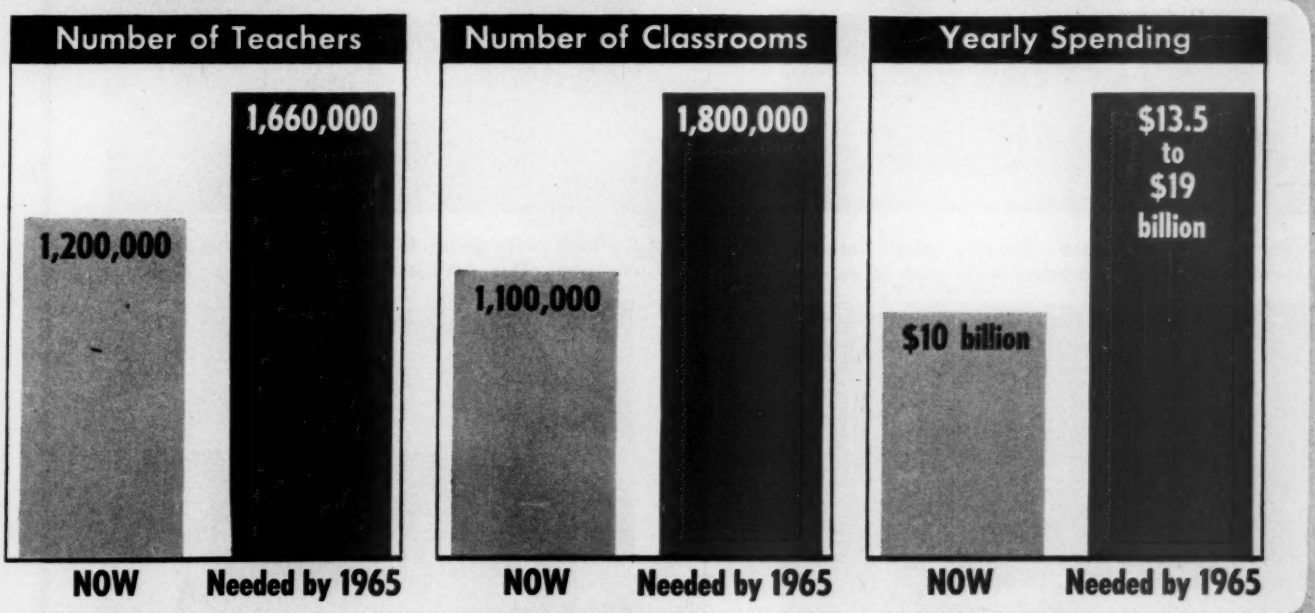
It is such figures as these that are causing many people to look to the Federal Government for a strong program of financial aid to the schools.

Financial ability of the nation to handle the rising cost of schools is not being seriously questioned. People of this country spend more for new cars every year than they do for education of their children. They spend almost as much for alcoholic beverages.

Of the value of total output in the U. S., schools now take only 2.4 per cent. The gross national product has been growing along with school enrollments. And by 1965, it is calculated, even the inflated school costs anticipated then will represent only 2.6 to 3.6 per cent of that year's gross national product.

Any way you look at the problem, however, one thing is clear: Schools, in the period ahead, are going to cost an increasing amount of money. And this—with federal aid or without it—is going to mean higher taxes for schools.

—For More Teachers . . . More Classrooms . . . More Money



and yearly spending include grade schools and high schools but not colleges and universities.

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STORY OF TWO EMBASSIES

Britain Forced to Retrench, Germany Expands

It is Germany, World War II loser, not Britain, the winner, that can afford to splurge in Washington nowadays.

To save money, the British have ditched plans to enlarge their Embassy. But well-heeled West Germans are readying a big one.

For lack of money, the British Government has just canceled plans for an annex to its Embassy on fashionable Massachusetts Avenue in Washington, D. C.

Yet, only about a mile away, in another exclusive section on Foxhall Road, the Federal Republic of Germany is remodeling an embassy mansion that will have cost, in all, about $475,000. The Germans also plan an office annex that will cost half a million or more.

Five years ago, the German Ambassador was living in a hotel suite in New York City. He represented a defeated nation, occupied by the Allied powers, including Great Britain. Much of his country still lay in ruins.

Now, the Ambassador of West Germany represents an independent nation, dealing on an equal diplomatic footing with its conquerors. His country is in the midst of a boom. German products are flooding world markets. Money is rolling in to the West Germany Treasury, at Bonn.

By contrast, Britain faces a new wave of economy. Her drive for exports has been blunted by German competition.

Britain's empire is dwindling, her overseas investments largely used up. Unlike West Germany's Government, which has no big load of debt carried over from earlier German regimes, the British Government bears heavy debts from her victorious wars with Germany.

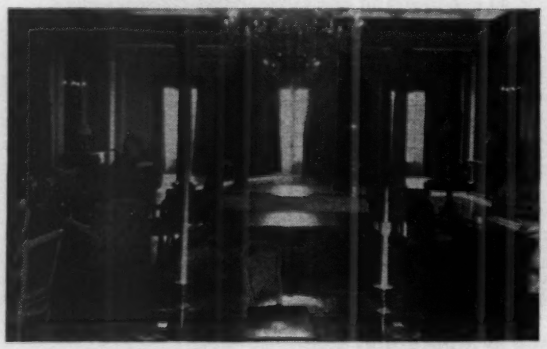
As a result, the British are tightening their belts, after a period of somewhat easier circumstances. It was an order to cut expenses that stopped plans for a new office building in Washington.

The addition was to cost 2.8 million dollars and house about 800 workers. These workers will have to stay in rented buildings and in a temporary structure put up during World War II. Meanwhile, the West Germans will be moving on with plans for their new building, which will house about 100 workers.

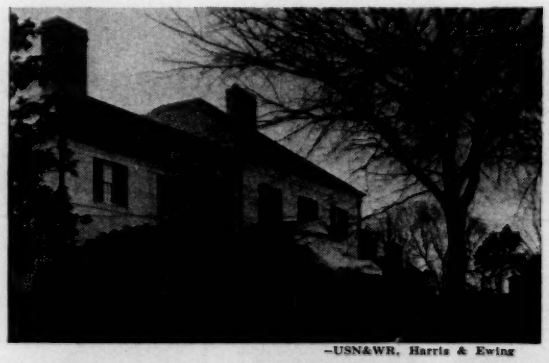
This contrast between British and West German plans for their embassies in Washington is taken as a symbol of the changing positions of two of the world's major nations. It is being taken as an ironic item, for those who like to raise the question of who really has been winning the wars of this modern era—the victors or the vanquished?

AT BRITAIN'S EMBASSY—

Economy is watchword. Despite plush interior, reminder of wealth, Embassy lacks cash to expand



AT GERMANY'S EMBASSY—



—USN&WR, Harris & Ewing

Building plans go on. In new Embassy—a remodeled mansion: The Ambassador's wife, Mrs. Krekeler

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A CO-OPERATIVE ACHIEVEMENT of government and private industry, the SARATOGA, according to Rear Admiral W. T. Cowdrey, Commander of the New York Naval Shipyard, "will be the most efficient and effective carrier that the combined efforts of industry and Navy have ever produced."

GENERAL ELECTRIC

COMPACTNESS COUNTS in SARATOGA. G-E turbines, first of which is being lowered into position here, are small, light, yet powerful.

Radically new G-E power plant delivers record push for world's biggest flattop

USS SARATOGA first of four new carriers with unequalled speed, power and mobility

The recent christening of the SARATOGA marks another step in the U. S. Navy's program to keep its carrier striking force the most formidable in the world.

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NAVY-G.E. CO-OPERATION, which made possible the SARATOGA'S tremendous power, has a long history and today 52% of all Naval vessels use propulsion systems built or designed by G. E. As early as 1909, G-E engineer W. L. R. Emmet proposed the then unheard-of use of turbine-generators and giant motors to drive a naval vessel — an idea incorporated in the JUPITER in 1913 and also later incorporated in the Battleship NEW MEXICO with overwhelming success. Since then, the steady progress in better and more efficient turbine-propulsion equipment culminated finally in a World War II Navy which consumed fuel at a rate 25 to 40% less than the ships of other nations.

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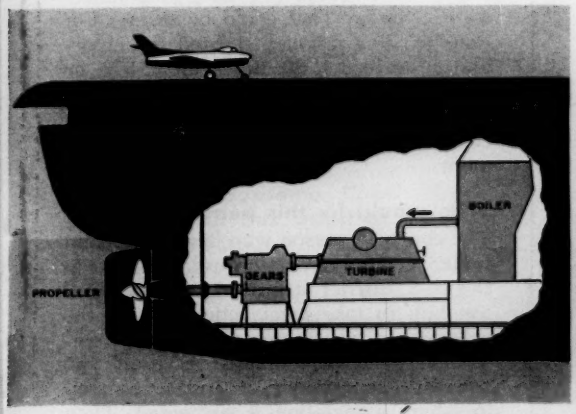
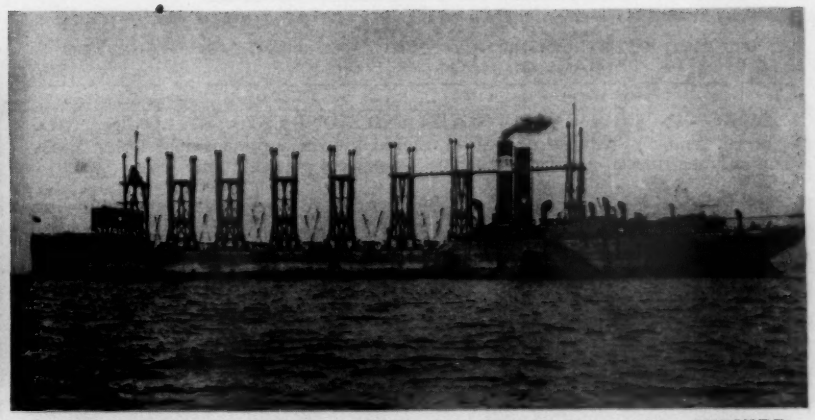
GENERAL ELECTRIC



EACH POWERFUL G-E TURBINE-GEAR UNIT in SARATOGA takes steam from boiler to turn its turbine rotor. Rotor spins gears which transmit power at reduced r.p.m.'s to ship's propellers.



FIRST TURBINE-ELECTRIC DRIVE was pioneered in 1913 by Navy collier JUPITER — later converted to the LANGLEY, the Navy's first ship to serve as an aircraft carrier. This radical and overwhelming successful experiment was the idea of famous General Electric engineer W. L. R. Emmet.

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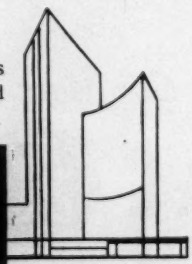

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308-K

We've Been Asked:

ABOUT TRAVEL SEGREGATION

- **Is all segregation now to end for Negro passengers on the trains and buses?**
- **Light is shed on this and other questions raised by a new federal order.**

What's this about a new ban on segregation in travel?

There is such a ruling, issued by the Interstate Commerce Commission, which says that segregation of interstate passengers by race or color, on railroads or buses, is unlawful. This upsets a 68-year-old policy of the Commission, which said in 1887 that providing separate but equal facilities for white and Negro travelers was all right.

Does this mean an end of "Jim Crow" travel on trains and buses?

Not exactly. The orders of ICC specifically tell 12 railroad companies, one railterminal company and one bus company —all operating in the South—to stop segregation of passengers crossing State lines. The railroads also are told to stop the separation of races in waiting rooms. The bus-line order does not mention waiting rooms.

The orders do not forbid segregation where travel is entirely within one State. Some officials of Southern States say the local separation of races will continue. However, there is a case pending before the Supreme Court on the constitutionality of this intrastate segregation.

How can this new ban be enforced? Are there any "teeth" in the orders?

Yes, there are. Present law provides a fine of up to $5,000 for each violation of an ICC order. That could be severe. For example, if a railroad violated the cease-and-desist order 20 times on a trip or in its waiting rooms, it would be liable for a penalty of $100,000. Fines for continued violation could mount up even more.

Who would fix this penalty?

The courts. A person who has a complaint under an antisegregation order can go to the U. S. district attorney in the area and ask him to take legal action against the railroad or bus company. Or the Interstate Commerce Commission itself can ask the Department of Justice to step in where a violation is suspected. Then it's up to the court whether to assess the fine.

Must station restaurants desegregate, too?

That is not ordered. One of the ICC cases involved a complaint against separate lunchrooms for white and colored customers in a railroad station at Richmond, Va. These facilities are not operated by the railroad, but by another company under lease. The ICC said it had no jurisdiction over this service.

What about State laws calling for travel segregation?

Government lawyers think that the new ICC orders take precedence over such laws, in effect in 13 States, where interstate travel is involved. This might lead to a confused situation, they point out, where Negroes are traveling from one State to another and, as result of the ICC ruling, cannot be required to use "colored" rest rooms. But Negroes traveling within a State having a segregation law are required to use segregated rooms.

Is the segregation ban in effect now?

No. Companies are given till next January 10 to comply.

Are airlines covered, too?

No. The custom on airlines has been not to segregate passengers. There is segregation, however, in some waiting rooms of airlines. The ICC has no control over this. This segregation is expected to continue in some Southern airports.

Does the ban apply to all interstate railroad and bus lines?

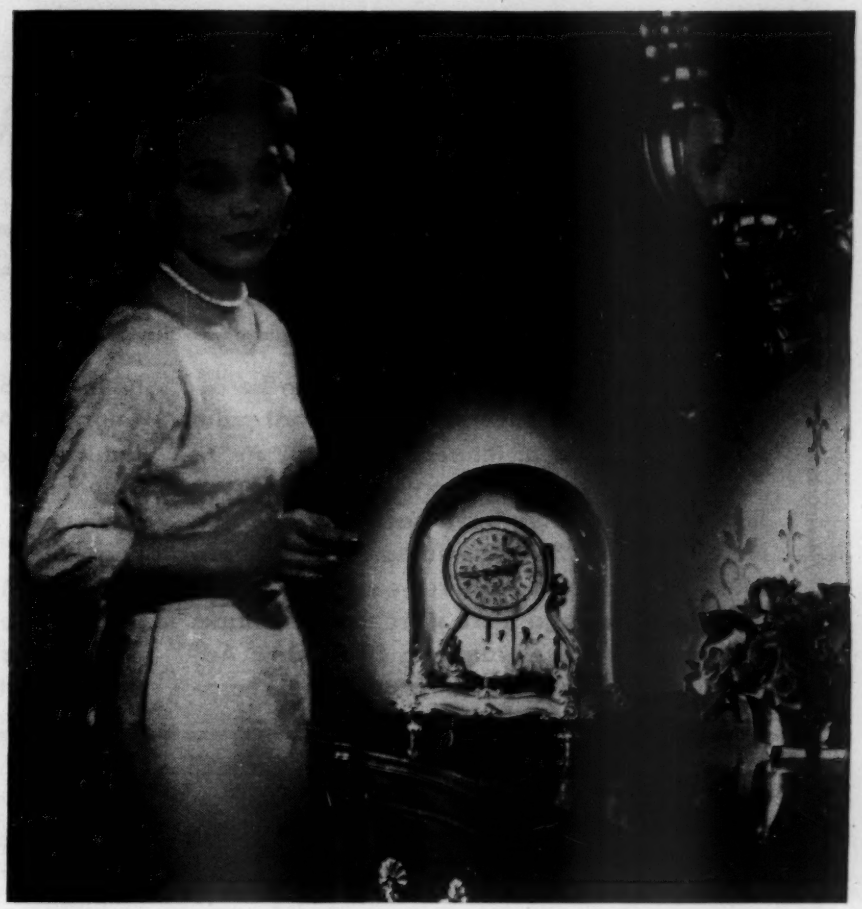
The desist orders are directed specifically at the companies involved. As a practical matter, some lawyers say, the enforcement and penalty procedure probably could not be used against other companies until similar orders were issued for them. ICC officials hope, however, there will be general compliance by other companies engaged in interstate transportation.

Will a test of the ruling be made in court?

Railroad officials say they have not decided about that, but some think it will be unlikely. There is a rather widespread view that the Supreme Court would uphold ICC's antisegregation stand.

Hasn't the Supreme Court already settled all this question of travel segregation?

Not altogether. In previous cases the Court did say that racial segregation in railroad dining cars and sleeping cars was illegal; it was not enough, the Court said, to give Negro travelers the same service behind a curtained section. But the Supreme Court has not acted on a travel-segregation case as sweeping in implication as the new ban by the Interstate Commerce Commission.



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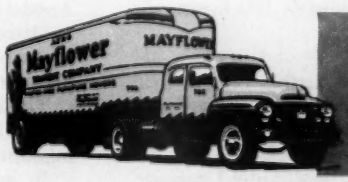

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"CONFLICT OF INTEREST" —AN OLD STORY

Just what jobs should businessmen be allowed to hold in Government? At what point might a "conflict of interest" develop?

Recently businessmen serving in the Republican Administration have been under attack. Now President Eisenhower has tightened up rules of conduct for dollar-a-year men.

Not so long ago there were similar attacks on businessmen serving in a Democratic Administration. The issue was brought out sharply in 1946 when President Truman named George E. Allen to the board of the Reconstruction Finance Corporation. Mr. Allen, a Truman friend, also is a friend of President Eisenhower and was well acquainted with President Roosevelt.

Before Mr. Allen was confirmed, Republican Senators raised questions about his business connections. Testimony from those hearings points up the whole issue.

Following are extracts from the transcript of the hearing Feb. 7, 1946, by the Senate Banking and Currency Committee on the nomination of George E. Allen as a member of the board of directors of the Reconstruction Finance Corporation:

Senator Barkley [Alben W. Barkley (Dem.), of Kentucky, presiding]: From 1938 to the present time you have been and are now vice president and secretary, the Home Insurance Company of New York?

Mr. Allen: Yes, sir.

Senator Barkley: Does that require you to spend a considerable amount of your time in New York?

Mr. Allen: Yes, sir; approximately half of my time in New York.

Senator Barkley: Also it seems that you held the same position with respect to these other insurance companies listed here?

Mr. Allen: Yes, sir; each one of those.

Senator Barkley: Vice president and secretary?

Mr. Allen: Yes, sir. These companies are in what are called the "Home fleet." In other words, the manager of the Home Insurance Company also manages each one of these companies.

Senator Barkley: The Home Insurance Company is not a holding insurance company, is it?

Mr. Allen: No, sir. It is practically the largest fire insurance company. . . .

• •

Senator Barkley: So you are trustee and have been since 1943 of the Penn Mutual Life Insurance Company, Philadelphia, Pa.?

Mr. Allen: Yes, sir; that is one of the largest life insurance companies.

• • •

Senator Barkley: I notice, getting down further on this list, that you are a director in the Aviation Corporation, New York.

Mr. Allen: Yes, sir.

Senator Barkley: That is a holding company?

Mr. Allen: Yes, sir; that is an aviation holding and operating company.

• • •

. . . We own 5.99 per cent of Pan American. Of American Airlines we own 20.34 per cent.

Senator Barkley: What other airlines, if any, does Aviation Corporation own?

• • •

Mr. Allen: It operates strictly as operating divisions the Lycoming Division, Williamsport, which makes small aircraft engines, or did during the war; Spencer Heater Division, Williamsport, which makes boilers, heaters and does general foundry work. Then we have the Republic Aircraft Products Division, at Detroit, which makes precision aircraft parts. . . .

Now, the company owns 100 per cent of the American Propeller Corporation in Toledo. . . .

Then we own 88.57 per cent of the Crosley Corporation. This company manufactures radios in Cincinnati and refrigerators at Richmond, Ind. It also owns and operates station WLW and operates a short-wave station for the Government in Cincinnati.

The company owns 86.34 per cent of the New Idea, Inc. This company builds a limited line of 12 types of farm implements. . . .

The company owns 61.36 per cent of the American Central Manufacturing Corporation. This company manufactures at Connersville, Ind., a line of steel kitchen sinks and cabinets, and in addition builds Jeep bodies for Willys and refrigerators for Admiral Corporation.

The company owns 59.26 per cent of the stock of the New York Shipbuilding Corporation. This company designs and builds ships at Camden, N. J., solely for the United States Navy. . . .

The company owns 29.61 per cent of Consolidated Vultee Aircraft Corporation. . . .

Consolidated Vultee expects to close this week a deal whereby it will acquire a substantial interest in ACF-Brill, manufacturers of buses, at Philadelphia. . . .

These companies are considered subsidiaries of Aviation Corporation by the SEC [Securities and Exchange Commission] . . .

In addition to that are the following investments where we in no way participate in management: American Airlines, Inc., of which we own 20.34 per cent of the stock. The CAA

. . . Allen: Mr. Truman "asked me to check on individuals"

[Civil Aeronautics Administration] has ruled that we must sell the investment in American Airlines down to 4 per cent by, I think, July first.

In Pan American Airways Corporation we own 5.99 per cent; and in Roosevelt Field, Inc., New York, we own 19.96 per cent.

Now, that is the status of Aviation Corporation.

• • •

Senator Barkley: About Consolidated Vultee, you are also a director of that?

Mr. Allen: Yes, sir.

• • •

Senator Barkley: Republic Steel Corporation, Cleveland, Ohio. You are a director of that?

Mr. Allen: Yes, sir.

Senator Barkley: Are you interested financially in that company?

Mr. Allen: Yes, sir. I have 100 shares of stock.

• • •

Senator Barkley: What about the War Damage Corporation, Washington, D. C.?

Mr. Allen: That was a corporation set up by the RFC [Reconstruction Finance Corporation]. I was elected on that board at the suggestion of Mr. Jones [Jesse Jones, former RFC chairman].

• • •

Senator Barkley: What is your attitude toward remaining on these directorates, or resigning if the Senate should confirm your nomination for membership on the board of directors of the RFC?

Mr. Allen: Soon I intend to give up my regular position with the Home Insurance Company. I intended to follow as far as possible the practice—well, first, there is another company I just resigned from that has a loan from RFC, the Steep Rock Company. . . .

Senator Taft [the late Robert A. Taft (Rep.), of Ohio]: I do not quite understand that situation. When you are serving on the board of the War Damage Corporation how can you properly also be on the board of this company that gets a loan from RFC, the Steep Rock Company? You are on one of the RFC boards, are you not?

Mr. Allen: Yes, sir.

Senator Taft: Now you are saying that you do not think it necessary to resign from the board of the Steep Rock Company simply because you are on the board of an RFC subsidiary? But now you think it is necessary because you are put on the board itself.

Mr. Allen: Yes sir. As to the Steep Rock Company, I had nothing to do with it getting a loan from RFC. Anyway, I was on the board six months after the loan was made.

Senator Barkley: Go ahead, Mr. Allen.

Past Policy on Conflicts

Mr. Allen: I started to explain to you: What I would like to do, if satisfactory to this Committee, as to the board, I would like to follow the same policy followed by the directors of RFC in the past as to their interests. It seems to be the policy that they file with the secretary of RFC the companies they are associated with, and anything pertaining to those companies they are disqualified from voting on. That has always been the custom in the past, unless the Committee think I should get off some of these directorates, and think I should resign my job permanently, and devote my whole time to RFC, or a majority of my time. That is the way the law reads.

• • •

Senator Taft: Mr. Allen, President Truman took office April 12, 1945, did he not?

Mr. Allen: Yes, sir.

• • •

Senator Taft: When the President moved in, did you move in with him?

Mr. Allen: No, sir.

Senator Taft: Did you have a desk in the White House?

Mr. Allen: No, sir.

Senator Taft: Do you mean to say that at no time was a desk assigned to you in the White House?

Mr. Allen: Until August of this year, no, sir.

Senator Taft: Not until August of this year?

Mr. Allen: And that was last year.

Senator Taft: You mean 1945?

Mr. Allen: Yes, sir; 1945. I was to make a study of liquidation of war agencies.

Senator Taft: Did the President ask you to make a study of liquidation of war agencies?

Mr. Allen: Yes, sir. I then had a desk in the State Department.

• • •

Senator Taft: Did you have a room assigned to you in the State Department especially?

Mr. Allen: Yes, sir.

Senator Taft: Were you down at the White House every day with the President?

Mr. Allen: I would say yes. No, not every day, but the majority of the time; yes, sir.

• • •

White House Adviser

Senator Taft: Have you ever been a general adviser of the President on appointments at all?

Mr. Allen: Well, I think I would answer that, Senator, to be honest, of course, sometimes—this is about all I have done except working on that liquidation report—when names come to the President from the Democratic National Committee and from you Senators and from Congressmen and different people and he is deciding on someone, he has asked me to double-check on individuals.

Now, I would say that I have done some of that; yes, sir, but as to suggestions without him asking me or as to initiating recommendations, I would say no.

• • •

Senator Taft: Mr. Allen, during this period while you were in the White House advising the President, how much compensation were you receiving from the Home Life Insurance Company?

• • •

Mr. Allen: . . . I was receiving $28,000 from the Home Insurance Company.

• • •

Senator Taft: What were you doing for the $28,000 in 1945?

Mr. Allen: It is what I have been doing since 1939, the same thing.

Senator Taft: What is that?

Mr. Allen: Public relations.

• • •

Senator Taft: What relations did the company—what were the public relations of the company with the Government?

(Continued on next page)

. . . Allen: "I was receiving no Government money"

Mr. Allen: Absolutely none, Senator. We had nothing to do with the Federal Government.

• • •

Senator Taft: No loan from any department of the Federal Government?

Mr. Allen: We are interested in the insurance company in the War Damage system.

Senator Taft: I was going to ask you about that. The Home Insurance Company is one of the underwriters who do reinsurance for the War Damage Corporation, is it not?

Mr. Allen: All the insurance companies of America participated in that. Mr. Jones wanted them to participate in that. They had around 20 per cent.

Senator Taft: The War Damage Corporation is a Government body with Government money?

Mr. Allen: Yes, sir.

Senator Taft: Which insures everybody against war damage, bombing and so forth.

Mr. Allen: Yes, sir.

Senator Taft: That is a concern which, my recollection is, collected 220 million dollars in premiums.

Mr. Allen: Yes, sir. A little more than that.

Senator Taft: Part of that, 20 per cent, is reinsured with a lot of fire-insurance companies and other insurance companies?

Mr. Allen: Practically all the insurance companies.

Senator Taft: And one of those is the Home Insurance Company?

Mr. Allen: Yes.

Senator Taft: And you were a director both of the War Damage Corporation and the Home Insurance Company?

Mr. Allen: I am not director of the Home now.

Senator Taft: But you are vice president of it?

Mr. Allen: Yes. And the War Damage.

Senator Taft: There were negotiations between these companies in which the terms of this reinsurance was set up.

Mr. Allen: I was not in on those negotiations.

Senator Taft: But you were a director of both companies?

Mr. Allen: Yes.

• • •

Giving Up $28,000 Salary

Senator Taft: You propose to resign as vice president and secretary of all these companies?

Mr. Allen: Yes, sir.

Senator Taft: That would involve giving up the $28,000 salary?

Mr. Allen: Yes, sir.

• • •

Senator Taft: You thought it was fair to draw the money while you were spending all your time in the White House.

Mr. Allen: Yes, sir. Definitely. I was receiving no Government money.

• • •

Senator Taft: Were you a director of the Aviation Corporation in 1945 when you were in the White House?

Mr. Allen: Oh, I am a director of the Aviation today. Yes, sir.

• • •

Senator Taft: Have you any stock in that company?

Mr. Allen: Yes, sir; 400 shares.

• • •

Senator Taft: How much do you get as director of the Aviation Corporation?

Mr. Allen: $6,000.

• • •

Senator Taft: You became a director when?

Mr. Allen: . . . I was elected in a stockholders' meeting in May, 1943. . . .

• • •

Senator Taft: While you were in the White House you were getting $6,000 a year—$500 a month—from the Aviation Corporation?

Mr. Allen: I have received that every month I have been in there; yes, sir.

Senator Taft: What do you do for the Aviation Corporation?

Mr. Allen: Serve as a director.

Senator Taft: Well, you mean you go to meetings?

Mr. Allen: Yes, sir.

Senator Taft: Well, the pay might be deducted, might it not, if you didn't?

Mr. Allen: No.

Senator Taft: Even if you don't attend meetings you don't get docked?

Mr. Allen: The Republic Steel, they deduct it from you if you don't show up, but Aviation Corporation, you can just stay home and they would still pay you.

How a Director Earns His Pay

Senator Taft: What are your duties as director of Aviation Corporation? What is it you do besides attend meetings and sit there? Why do they want you on the board, I mean?

Mr. Allen: Well, now, Senator, that is—of course, I can understand what baffles you—but I think they really want my opinion, and they seem to think so. It is quite an important proposition. Very serious decisions are made by the board of Aviation Corporation. We have 40,000 stockholders that we represent.

• • •

Senator Taft: Is it your knowledge of what is going on in Washington they are anxious to secure?

Mr. Allen: I can say this in all seriousness: I know it is not to secure business for Aviation Corporation. I have never discussed a question of business with anyone connected with the Federal Government since I have been in the aviation business.

Senator Taft: Of course, the Aviation company is vitally concerned with many things that go on in Washington.

Mr. Allen: Yes, sir.

Senator Taft: Do you think it is your knowledge of those things, or familiarity with them, that leads them to want to pay you $6,000 a year?

Mr. Allen: They pay the $6,000.

Senator Taft: It seems to me if you are going to pay that you want to get a man who is worth it.

Mr. Allen: I am sure they had that in mind. I have been re-elected. That is the remarkable thing.

Senator Taft: I don't think it is at all remarkable.

• • •

Senator Taft: Do you sit on the board of Consolidated Vultee?

Mr. Allen: Yes, sir.

Senator Taft: What is the compensation?

Mr. Allen: $6,000.

• • •

Senator Taft: Were you on that board during this period you were advising the President in 1945, as well as continuing to draw compensation?

Mr. Allen: Yes, sir.

—United Press

GEORGE E. ALLEN (RIGHT) TESTIFIES AT SENATE HEARING IN 1946

Senator Taft: When did you become a director of the Republic Steel Company?

Mr. Allen: In July, I believe it was, Senator, of this year—1945, I mean.

Senator Taft: 1945?

Mr. Allen: Yes.

Senator Taft: Did you have a desk in the White House at that time?

Mr. Allen: No, sir.

Senator Taft: When was this desk acquired, exactly?

Mr. Allen: In August.

• • •

Senator Millikin [Eugene D. Millikin (Rep.), of Colorado]: Now, the insurance companies have many, many contacts with government here in Washington—

Mr. Allen: Yes, sir.

• • •

Senator Millikin: So that all of these insurance companies have a very definite stake in who is running the Government here and in the type of government that we are having?

Mr. Allen: Oh, they are vitally interested in it.

Senator Millikin: And that goes in a general way as to all these corporations here?

Mr. Allen: Yes, sir.

Senator Millikin: Now, in view of the fact that you assist in checking on the personnel that is put into all of these governmental agencies, does it not occur to you that that would enhance your value to these corporations that have this intense interest in what is done down here at Washington?

Mr. Allen: Well, I think if I put a good man in, it would help me; if I put a bad man in, it would hurt.

Senator Millikin: Well, you have a choice every time you look at a list of names, don't you?

Mr. Allen: Yes, sir. Sometimes I have a choice to make to give my finding.

Senator Millikin: Exactly.

Mr. Allen: Yes, sir.

Senator Millikin: So that you are engaged in running a check on personnel that will go on commissions and boards and bureaus and into other jobs that might have a very important influence on these various corporations; is that not correct?

Mr. Allen: If I use that incorrectly, I would say yes, sir, Senator.

• • •

Senator Millikin: In view of the large interest that, let us say, most of these companies have in what goes on officially here at Washington, the large interest that a number of these companies have in RFC or might have in RFC, why do you retain any official relationship with any of them or take any compensation from any of them if—assuming you get this job?

Mr. Allen: . . . Senator, the reason for that is that—and I want to—I want to assure you that, if necessary, I will give up everything. I very badly want to be confirmed by you gentlemen; there is no question about that. And to do that, if you find it necessary, I will give up every one of these.

It has never been done in the past. You made the RFC Act such—and when I—when the President asked me to accept this and go over there, I accepted it, and I thought that was the idea, that—I know all the other directors have always done it—that you wanted businessmen who had had experience with these companies to go over there, and you allowed them to file with the secretary everything they were interested in; and then if anything came up, they would immediately be disqualified. You see, there are five members of the RFC board that decide these questions.

Senator Millikin: Yes.

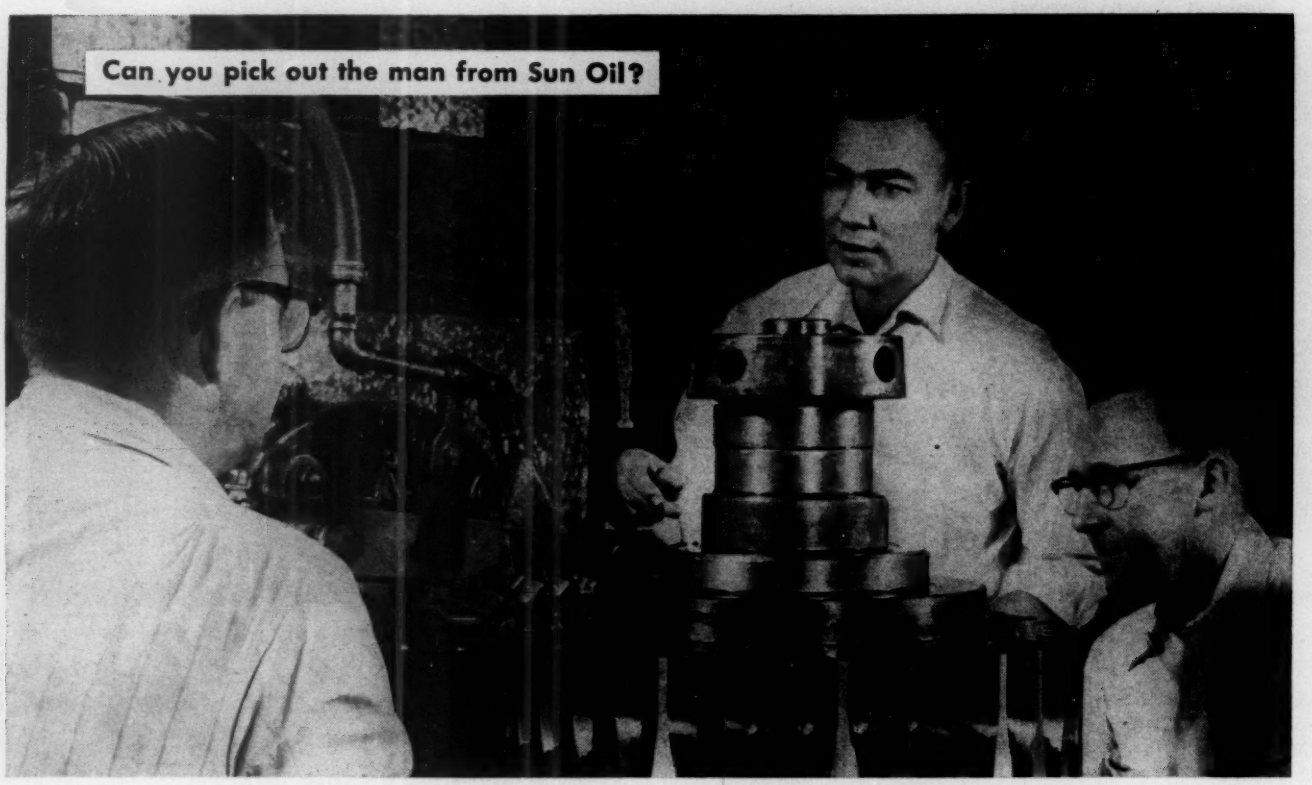
Mr. Allen: And it is for that reason, if there is any company in there that conflicts in any way—and, as I say, I think I know what is ethic, and I certainly would do what the secretary or the general counsel recommended on it. I would certainly give up anything that conflicts in any way.

I don't think that I should be punished individually and singled out to be punished, without we had everybody do that, and made it a part of the law. Then that would be fine. But I think the intent of the law was that you do want men who had had—who had been accustomed to being in business. I would hate to cut out all, because if the Democrats lost out in '48, Senator, I would be in terrible shape then. You wouldn't want that to happen to me.

Senator Millikin: I don't want you ever to be in terrible shape.

Now, then, let me ask you another question.

Mr. Allen: Oh, seriously, Senator, I see what you are talking about, and if there is any conflict there I think I should get it; yes, sir.



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You get the latest about what's new in medicine from reports to the nation's physicians at the annual clinical meeting of the American Medical Association.

RELAXING DRUGS. New successes for the "tranquilizing" drugs reserpine and chlorpromazine greatly broaden their possible uses, doctors at the AMA session, in Boston, were told. As painkillers, the drugs may sometimes be preferable to morphine; chlorpromazine creates a "detached, indifferent" attitude that calms accident victims. It also permits office treatment of conditions that, because of the victim's emotional reactions, presently require hospitalization.

Senile-behavior problems that put old people in institutions can often be controlled by combining reserpine with a chemical that stimulates the central nervous system; patients can stay at home, get a renewed interest in life.

CLINICAL NOTES. Other findings reported at the AMA clinical session:

Overwork, a Nebraska study shows, does not cause emotional breakdowns.

Strong vegetable and chemical cathartics, used for long periods, irritate the intestines, can cause troubles that may be mistaken for hard-to-treat ills.

Emotional upsets commonly blamed on the "change of life" in women have little to do with the menopause. They stem from psychological problems that would occur at middle age even if there were no changes in physical functioning.

Thumb sucking by youngsters is no more a psychiatric problem than gum chewing in children and cigarette smoking in adults, a New York pediatrician believes.

TRUSTS. Property you give to a trust fund set up by your wife sometimes may be taxable later as part of your estate. That's a decision of the federal tax collector. It holds true when terms of the trust agreement provide that the wife cannot make any changes in the trust without your consent. The tax collector points out that a person who contributes property to a trust--whether created by him or someone else--is the real "grantor." And, when the grantor benefits from the trust or retains a voice in its control, the property's value is includible in his estate.

SELLING A LOT. A reader poses this problem: When you sell your home and put all the proceeds into buying a new residence, the law allows a postponement of the tax on your gain. Does the same rule apply if you own a lot and intend to build a home on it, but you sell the lot instead and then invest the proceeds in another piece of land on which you do build? The answer is "No." The law's

(over)

postponement of the tax applies to gain on "property used by the taxpayer as his principal residence." A lot doesn't qualify. Profit realized from sale of the lot would be taxable as a capital gain.

TAX RETURNS. The question arises now whether you can get your income tax chores out of the way by filing your return before the year is officially over. Technically, the tax code provides for returns to be made "after the close of the taxable year." However, the Internal Revenue Service does accept returns filed prior to the year's end if there is substantial assurance no income is likely to be received that would alter the tax due.

HOLIDAY DECORATIONS. Reports of a hard freeze in the Pacific Northwest that blackened holly berries in the country's major supply area don't mean a hollyless Christmas. Department of Agriculture experts say local holly, though not as attractive as the Western variety, will be available most other places.

WILDLIFE. The U.S. Fish and Wildlife Service puts out a new series of leaflets on wildlife sanctuaries around the country. Leaflet number one, "Visiting National Wildlife Refuges," gives general information and has a map showing locations of 73 of the havens. Others in the series describe the individual refuges. All are available from the U.S. Government Printing Office, Washington 25, D.C. Leaflet number one costs 10 cents; the others, 5 cents.

RAIL FARES. Special low rates on rail travel for servicemen on furloughs have been extended another year. The rates, offered by railroads in all parts of the country, would have expired next January 31.

DRAFT. This to repeat a point a good many people seem not to have gotten straight: Youths now being drafted have a six-year military obligation; after two years of active duty, each must join a Reserve unit, with its weekly drills and summer camps. But this compulsory Reserve activity is for a three-year period, not--as many persons mistakenly believe--for the remainder of the military obligation. The final year may be served by transferring to the Standby Reserve, as merely a name on a list, subject to call-up in a national emergency.

CLAIMING PENSIONS. People who qualify for Social Security benefits must furnish proof of their age before they can begin to receive monthly checks starting at age 65. But what if the applicant has no birth certificate to show as proof? The Social Security Administration ordinarily will accept school, church or fraternal records, family-Bible notations, immigration or citizenship papers, data from life insurance policies, or even age statements appearing on a driver's license. Also, reference to Census Bureau records, or affidavits from qualified persons may be used to help establish eligibility.

CHRISTMAS TREES. Buying a Christmas tree at the last minute means picking from trees that have been drying out on a lot; buy early and give your tree needle-freshening treatment at home, the U.S. Forest Service advises. Keep it outside in a cool, shady place and wet the trunk and branches. When you bring the tree inside, the Forest Service says, saw an inch or so off the butt end with a diagonal cut and stand in water. Replace absorbed water daily.

The BUBBLE and the world of Mr. Jones

This is the bubble—one of the millions upon millions—that is formed by the electrolysis of brine inside the famed Hooker Cell . . . a bubble that has brought into being whole hosts of chemicals to transform the world of Mr. Jones.

The bubble may be of hydrogen or of chlorine which, when released from the brine, leaves caustic soda. Each of these three products is of vast chemical importance. The chlorine bubbles alone that rise from Hooker Type Cells unite to form more than 40% of the country's supply of that chemical.

But what of the part that these basic chemicals play in Mr. Jones' world?

From morning until night, almost everything he touches, eats or wears is dependent for some of its qualities upon one or more of these chemicals or the hundred Hooker Chemicals derived from them. The water he drinks is purified by chlorine. The plastic cup that holds it has chlorine as a basic ingredient. The shortening in his breakfast doughnut has been hydrogen treated. The fruits and vegetables he eats, and the woolens with which he surrounds himself, are protected against pests with chlorine-based insecticides. Many of the more than one hundred Hooker Chemicals derived from these three are used in the production of synthetic fibers, in dyes, in medicines, in paints, in the preparation of his food. The paper he reads and the paper upon which he writes his thoughts have been treated with either caustic or chlorine. The novocain the dentist uses in treating his tooth is derived from Hooker Chemicals. And finally, the sheets between which he retires, are finer, smoother, because of caustic treatment.

From Hooker Cells, row upon row of them in the three Hooker plants, and in licensed installations in 38 plants throughout the world, comes the bubbling birth of new products and new life for old products . . . a story of industrial accomplishment that parallels the fifty years of research, development, and growth of Hooker Chemicals.

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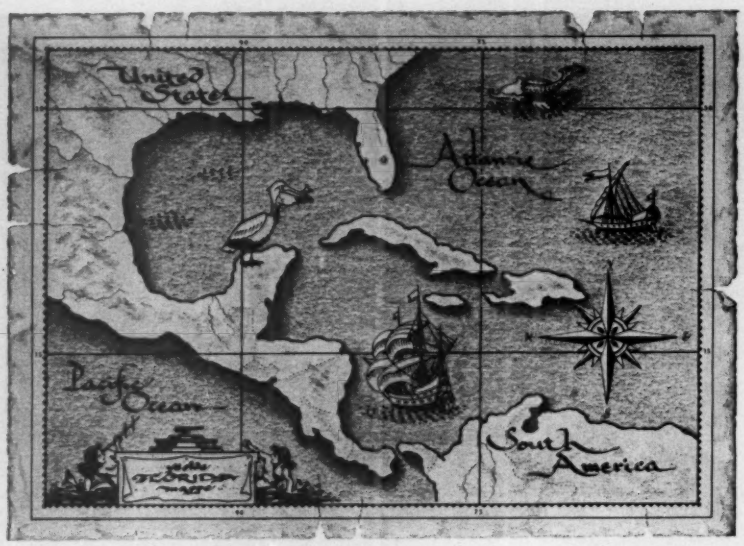

Florida Is West of the Panama Canal

Many businessmen are thinking this over very carefully because it dramatizes the fact that Florida is the nearest state to the great Central and South American markets; to both the east and west coasts of South America. How can Florida take part in any future developments in these markets?

The answer is simple: Florida has seventeen ports of entry to handle all kinds of water traffic. Florida has some of the finest airports in the world to handle air freight and travel.

Florida is not just an express depot for future international trade. Florida has power, water, resources, labor and a tax structure which is very favorable to industry. Florida receives more than 2600 new permanent residents each week. This is the growing force of skilled and unskilled labor. This is the expanding market for more goods within Florida.

Full reports covering any question on the development of Florida are available to businessmen simply by writing to:

Industrial Division, Florida Development Commission, 3501-F Caldwell Building, Tallahassee, Florida.

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CAN NOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN,** as operator of a ***cafeteria,*** refuse to pay your cashiers for the time spent in getting ready to take over from persons whom they relieve. A federal court of appeals rules that cashiers need not be paid for the few minutes spent in receiving money and information at the start of their shifts.

* * *

☑ **YOU CAN** take an income tax deduction for your loss on cancellation of a debt owed you by a corporation if the company was insolvent both before and after the debt was canceled. A court of appeals holds that a taxpayer is entitled to such a deduction as a ***bad debt.***

* * *

☑ **YOU CAN,** as manager of a radio station, probably hold an advertising agency, rather than the advertiser, liable for payment for ***advertising*** that it places with you. This ruling is handed down by the District of Columbia Municipal Court of Appeals.

* * *

☑ **YOU CAN,** as a farmer, count on paying the same rate of interest as now on your ***price-support loan.*** In announcing an increase of one fourth of 1 per cent in the interest rate paid to lending agencies financing price-support loans of the Commodity Credit Corporation, the Department of Agriculture says that the Government, instead of the farmers, will pay the increase.

* * *

☑ **YOU CAN** insist that the State Department tell you why it turned down your application for a ***passport.*** A federal district court rules that a citizen who has been refused a passport is entitled to know all the evidence on which the denial was based.

* * *

☑ **YOU CAN** count on the National Labor Relations Board not to hold a second ***collective-bargaining election*** in your plant within a year, even though the union that was certified to represent your employes takes no action toward doing so. In a case of this kind, the Board decides that it must adhere to its ban against a second election in the same plant within a year.

☑ **YOU CAN** make some changes in the ***tax-withholding statement*** W-2 for 1956 if you print this form yourself. The Internal Revenue Service issues a statement on revisions that are permitted in the form for reporting wages and withholdings to employes and to IRS. Some changes are allowed in size, number of copies and in information reported on reprinted form W-2.

* * *

☒ **YOU CANNOT** ship or sell in interstate commerce ***drugs*** that have been sterilized by irradiation treatments unless they are tested by the Food and Drug Administration. As a safety measure, the agency announces that such drugs will be regarded as "new drugs" under the Food and Drug Act and must be submitted to FDA for testing before being shipped across a State line.

* * *

☒ **YOU CANNOT** take an ***income tax deduction*** for the cost of building a drainage system at a drive-in theater that you own. The U. S. Tax Court finds that such cost is a capital expenditure and may not be deducted as a business expense.

* * *

☒ **YOU CANNOT** expect to be granted a ***Government contract*** because you agree to wait for payment till completion of the job, thus saving the Government interest costs involved in partial payments made as the work progresses. The Comptroller General rules that the additional cost for interest and administrative expenses on progress payments may not be taken into consideration in choosing between bidders.

* * *

☒ **YOU CANNOT** safely let your personnel clerk keep union-authorization cards in his desk and help new employes to fill them out when being hired. NLRB says this violates the ***Taft-Hartley law*** since it probably gives the new employes the impression that union membership is mandatory.

* * *

☒ **YOU CANNOT** avoid responsibility for your supervisor's statement to employes that they must join a union if they want to work in your plant. That, according to NLRB, is a Taft-Hartley violation by the employer.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

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Some Sober Facts Behind the Search for Oil

by Former Ambassador to Great Britain,

LEWIS W. DOUGLAS

In recent times some people have expressed the view that the oil industry has been enjoying a favorable tax position by reason of the provision for depletion. Yet, drilling for oil has always been one of the riskiest businesses in the world and is becoming more hazardous. Here are a few sober facts that face the man who drills for oil today:

He must invest about $123,000—on the average—in every exploration well he drills; yet *only 1 out of every* 9 of these "wildcat" wells ever produces oil.

And only 1 out of 44 wells finds an oil field big enough to supply America *for just 4 hours*. The odds against finding a 50,000,000 barrel field—enough to supply the U. S. for about a week—are incredible—966 to 1.

But this is not all. To a great extent the obvious shallow sands where oil might be found easily have already been tested. Consequently today's wells must be drilled to much greater depth at much greater cost to reach productive oil sands. Drilling and exploration costs are about *400% higher* than 25 years ago and the odds of finding even marginal production are far more adverse.

And unlike a factory which can produce at a constant rate for many years, an oil well dies a little each day. Finally it stops producing altogether—in other words, it becomes "depleted."

As early as 1918 Congress recognized that, with America increasingly dependent on oil, it had to create an incentive so that men would take the unusually hazardous financial risks involved in the search for oil.

Therefore, Congress wrote a depletion provision into the tax law—permitting oil producers to exclude 27½% of the gross income from their oil or gas property in arriving at a taxable income basis for tax purposes. This deduction, however, cannot exceed 50% of the property's net income. And, of course, it applies *only* to oil and gas *production*. Other activities of the industry, such as refining, are *not* subject to depletion.

Lewis W. Douglas has won distinction in virtually every phase of American life. Prior to serving as Ambassador to Great Britain, he was a Congressman, Director of the U. S. Budget, and a college president. Mr. Douglas is now Chairman of The Mutual Life Insurance Company of New York and is the principal owner of the Southern Arizona Bank and Trust Company.

Coal and metal mining—in fact, all "natural resource" industries—have similar tax provisions. Actually, the depletion provision is designed to make up for the inevitable exhaustion of the natural resources man has discovered. And it encourages the costly search for new deposits—needed to replace those that are exhausted. Yet, the provision for depletion is often misunderstood and unfairly indicted.

Experience demonstrates that the national interest has been properly guarded and well served by provisions for depletion. With the depletion provision in effect, America has become the world's largest producer and user of petroleum. Yet we pay *less* for most oil products than most other nations. And, despite record usage, we keep finding more oil than America uses. In a world of wings and wheels, this could well provide the balance of power. Certainly it is the necessary support for an economy that runs largely on petroleum products.

We can be thankful for the incentives that have encouraged men to brave the heavy risks of loss and to continue the increasingly difficult search for new oil fields which alone can replace the old fields that are being used to power our country.

This is one of a series of reports by outstanding Americans who were invited to examine the job being done by the U. S. oil industry. This page is presented for your information by The American Petroleum Institute, 50 West 50th Street, New York 20, N. Y.

Trend of American Business®

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Washington, D.C.

People are optimistic about the business future, but they do not intend to increase their buying of houses, autos, home appliances.

Buying intentions of consumers have just been sampled by the University of Michigan's Survey Research Center.

Findings show people still confident, still willing to spend, but not likely to increase their spending from present levels.

Conclusion of the survey is that the consumer, the spark plug of the 1955 boom, cannot be counted on to provide an additional spurt in the economy, so far as buying of expensive goods is concerned. That conforms with estimates of next year's business activity presented in the article on page 17.

When it comes to buying intentions, here's what the survey reports:

Houses. Buying plans just as frequent as last June, somewhat more than a year ago. But some prospective buyers may be discouraged by new credit terms.

Automobiles. Intentions as high as June, but less than a year ago.

Household goods. About the same plans to buy as in June and a year ago.

Major home improvements. Not much change in plans.

Sales managers are on notice that next year's buyers probably are going to be harder to sell than they were in the year now winding up.

The survey doesn't find much feeling, however, that times will turn bad.

Business next year? Good times are expected by 71 per cent.

Business a year hence? About the same, 69 per cent; better, 18 per cent.

Business in next five years? Good, say 43 per cent. Only 10 per cent expect bad times to predominate in this longer period.

Individuals, too, expect their own situation to stay bright. Some 36 per cent expect to be better off a year hence; 44 per cent expect to stay the same. Only 5 per cent look for a poorer financial situation. Worry over the outlook shows no signs of affecting business activity at this time.

You get the same optimism from investment bankers, who met in Florida.

A big year for borrowing is expected by men who float securities.

Borrowers also are to be taken care of. These bankers simply doubt that the credit squeeze now on will carry through next year, with elections coming.

States, cities, counties are expected to be the biggest customers of the investment bankers. They want lots of money for schools, highways, sewers.

Municipal issues, as this borrowing is called, are down for 11 billion dollars next year. That's a 47 per cent gain from a year ago.

Bankers don't say, however, whether municipalities will accept the going rates of interest. Some may hesitate.

Corporate financing is not expected to increase much. Corporations will

(over)

invest heavily, but mostly out of reserves and profits.

Investment bankers are concerned about the volume of consumer credit. They don't deal in this kind of borrowing, but they think some way should be found to isolate that credit and control it better.

Installment credit, meanwhile, goes right on rising.

Total outstanding is reported at more than 26.9 billions on October 30. That's a rise of 264 millions for the month.

Increase for October, however, was the smallest month-to-month gain in installment borrowing since February. One reason is that fewer new cars were sold in October. Manufacturers were still making model change-overs.

Another reason is that repayments on old debt are rising.

Spread between new credit extended and old debt repaid is narrowing.

In October, new debt taken on was 3 billions in round figures. Repayment on debt in that month came to nearly 2.8 billions.

Almost all of the spread came in auto credit and repayments. On other goods, installment debt was being paid off almost as fast as new debt was made.

Business analysts are watching this trend closely. New debt has financed a lot of consumer spending this year. If debt repayment matches or exceeds the volume of new debt taken on, that push will disappear.

If repayments stay bigger than new debt, that will be a drag on activity. People, in that event, will be spending more to pay off old debt than they are willing to spend to buy new things. That will affect sales.

Another sign, still faint, indicates a leveling in the boom.

Manufacturers' orders fell 3 per cent from September to October. That's after seasonal adjustment by the Commerce Department.

Manufacturers' shipments dipped, too--2 per cent--seasonally adjusted. Shipments and orders, however, still are running ahead of a year ago.

Point to note, though, is that factory shipments have been shrinking by small amounts for two months. Peak seems to have been reached in August.

New orders also have been slipping since August. The decline is rather substantial for durable goods--1 billion from August to October.

Perhaps it's too early to read much significance into these reports. But factory orders and factory shipments often point the way for business activity.

Order backlog, while still rising, is not rising as fast as earlier this year. Gain from September to October was 300 millions. But gain from June to July was 1.5 billion dollars.

October rise in the backlog was centered in machinery, freight cars.

Orders on the books, however, promise to keep manufacturers of durables busy for nearly four months at the present rate of deliveries.

Government is getting caught in its own credit squeeze. Public Housing Commissioner canceled a note issue for nearly 90 million dollars.

Reason: "Unusually high interest rates" that now prevail.

ON COURSE—Unceasingly, Northrop directs its progress toward development and production of the most effective weapons for national defense. Notable achievements by Northrop include Scorpion F-89 interceptors; unmanned, far-ranging Snark SM-62 A-bomb carriers; and Radioplane Company's pilotless drones and missiles. New horizons in a multitude of fields are continuously scanned by Northrop engineers and scientists, years in advance of charted goals. Working in close coordination is the well-balanced Northrop production force, thus insuring efficient, economical output. Already, the course is set by Northrop for new weapons of tomorrow, their successful production and prompt delivery assured by this coordinated effort.

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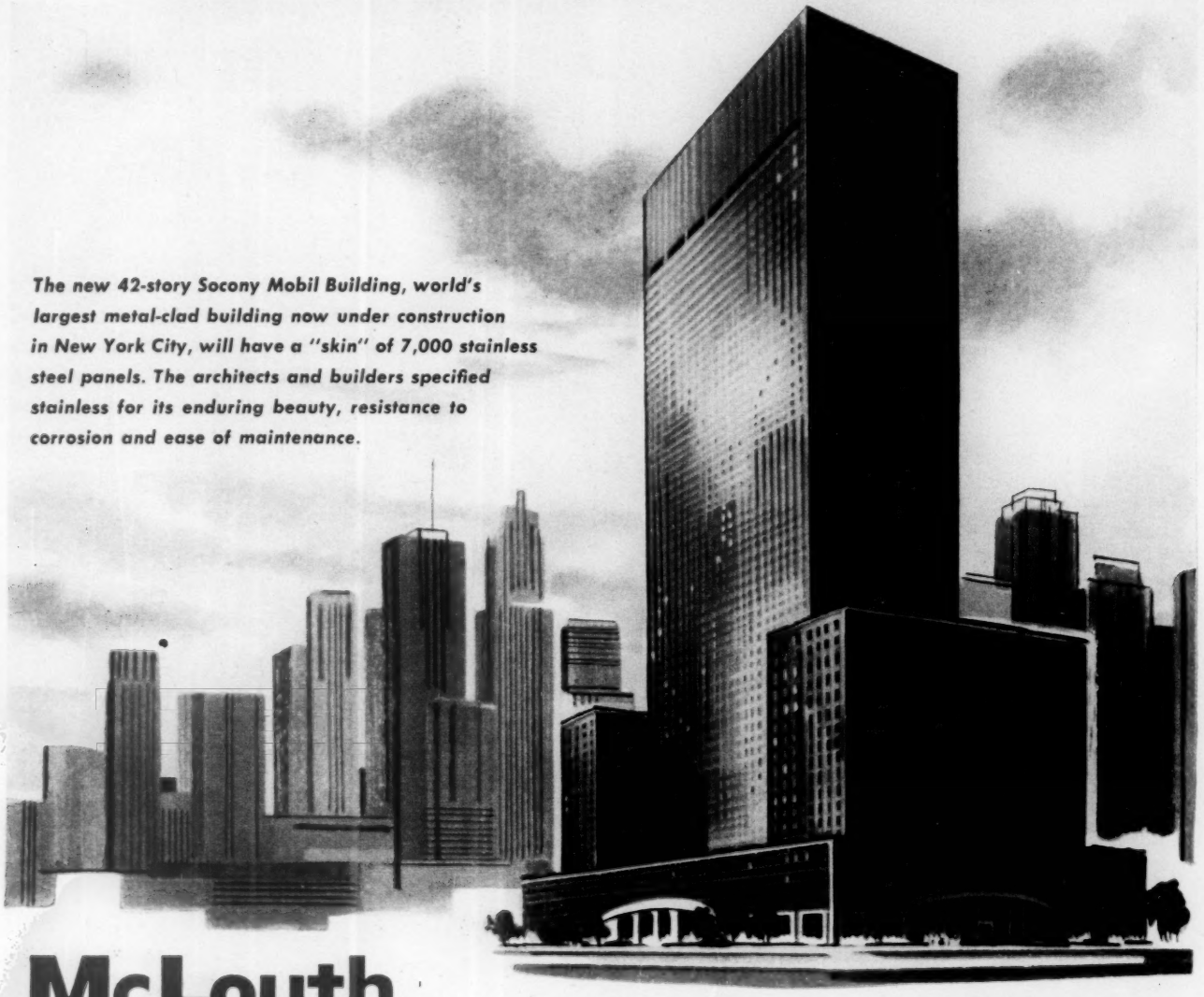

The new 42-story Socony Mobil Building, world's largest metal-clad building now under construction in New York City, will have a "skin" of 7,000 stainless steel panels. The architects and builders specified stainless for its enduring beauty, resistance to corrosion and ease of maintenance.

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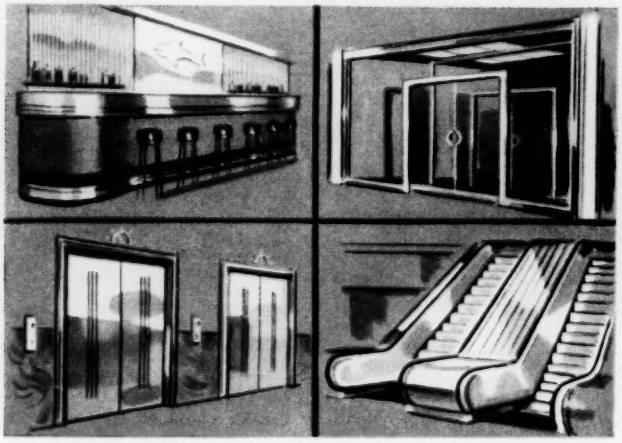

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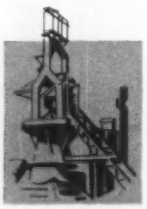

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LIFE AROUND THE WORLD®

memo

FROM THE IRON CURTAIN

A COMMUNIST MANTRAP

HOF, West Germany—If you think "the Iron Curtain" is just a figure of speech, try traveling through it some time. The Iron Curtain couldn't be more real.

On an automobile trip coming out from Prague, Czechoslovakia, into Bavaria in West Germany you discover exactly what is involved in this elaborate and grim mantrap the Communists have built across Europe to keep the Soviet and free worlds divided.

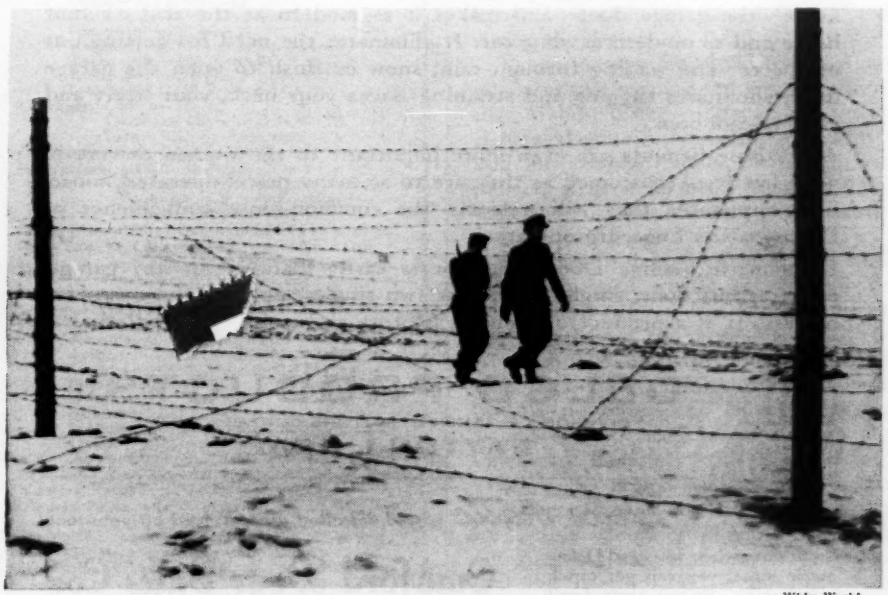
The Iron Curtain really starts well inside Czechoslovakia, about 10 miles from the Bavarian frontier. The first inkling comes with the sudden appearance of road signs warning the traveler that no one is permitted beyond this point unless he has a special pass. You begin to see tank traps along the sides of the road, and huge clusters of barbed wire that can be quickly thrown across the roadway to block it on short notice.

Soon you are driving past abandoned farms, then whole villages that have been deserted. Some of the fields in this area are under cultivation, but a little beyond they have an empty, derelict look. The frontier cropland of the Sudetenland has gone back into wild birch and undergrowth.

This is partly due to the trouble the Czech Government is having in getting farmers to move in. Many Czechoslovakians refuse because they think the farms will be restored to Germany someday. But that isn't the full explanation. Much of the region has been deliberately cleared of people.

About 5 or 6 miles from the border you come to the first check-point. Here, steel barricades narrow the roadway to one-car width. At this end of the single-file stretch are policemen who

(Continued on page 99)



—Wide World

WHERE THE BARBED WIRE ENDS
Farther back: towers, leashed dogs, more armed guards

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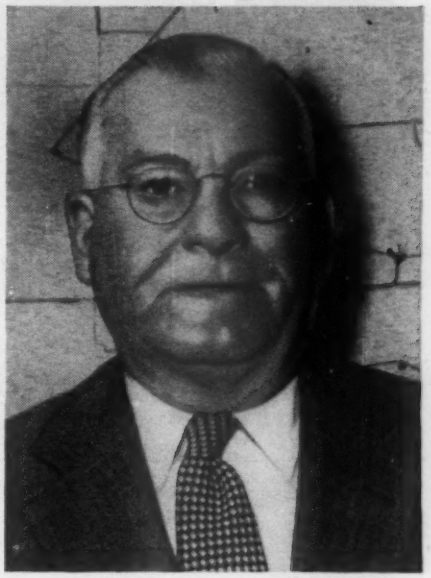

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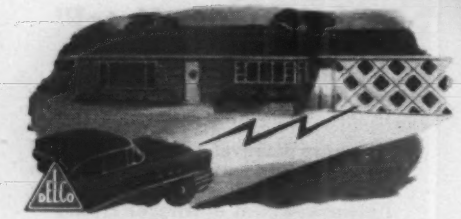
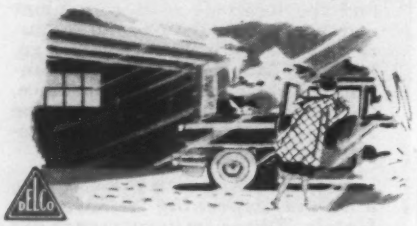
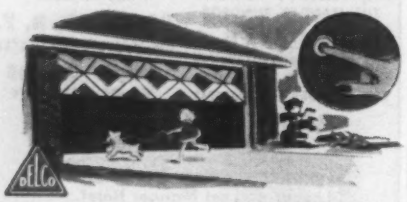


As you enter your driveway, touch the Delco-matic button in your car; lights go on, garage door opens.



Don't wade through rain, mud, snow; stay in your car, touch the Delco-matic button, drive right in.

Delco-matic is safe; door stops automatically for obstacles as slight as outstretched hand.



Delco-matic is double-safe. Instant reverse sends door back up in emergency, at touch on button.

Here you are, home, and it's raining cats and dogs or perhaps it has snowed. As you enter your driveway, you touch the Delco-matic Button on the dash of your car, garage lights turn on, your garage door glides up automatically and you drive right in, dry and comfortable in spite of the weather. Inside your home, you touch another button, lights turn off and the door is automatically closed and locked.

Delco-matic mechanizes the largest piece of moving equipment in your home—the garage door—and makes it as modern as the rest of your home and as modern as your car. It eliminates the need for getting out of the car and wading through rain, snow or slush to open the garage door; eliminates tugging and straining, saves your back, your heart and your pocket-book.

And, these benefits are even more important to the women drivers in your family. Accustomed as they are to so many power-operated household appliances they will welcome the common-sense convenience of Delco-matic's finger-tip operation.

Delco-matic Garage Door Operator is easily installed in *any* garage; operates *any* door, single, double or two singles; operates from *any* car or cars. It is a product of General Motors and is fully warranted.

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D. C., Washington—601 South Capitol St.
Florida, Hialeah—4930 E. Tenth Lane
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Orlando—1616 Sligh Blvd.
Tampa—1501 Second Ave.
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memo

. . . Electrified fences are part of Iron Curtain

stop all vehicles and examine everybody's papers.

No place to hide. From this point on you are driving through an area that is really deserted. The trees have been chopped down and the land cleared for miles about. Nowhere is there enough vegetation to conceal a man. You must not stop. Signs along the roadway warn the motorist constantly to keep moving. Out in the fields you see policemen and soldiers. They are armed with Tommy guns and automatic rifles and holding leashed dogs. There is no other sign of life.

Before you get to the next check-point you must pass through a narrow gap in an elaborate system of barbed-wire entanglements and electrified fences—not just one but two. First you come to a wire fence that carries voltage high enough to kill a man on contact. There was a time when a man could wrap himself in a blanket and roll under the fence with safety. No more. The strands are very close together—and close to the ground.

Just beyond is a great snarled mass of barbed wire—big, loose tangles of it piled between barbed-wire fences. Then there is another electrified fence exactly like the first.

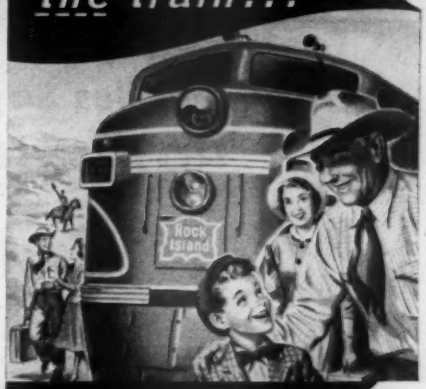
Keep moving—or else. Through this barrier you start passing the watch-towers. They are close enough together for a guard in one to see all the ground between his post and the next. Searchlights controlled by the tower guards sweep the region.

Then come more tank traps. Again you pass the warning signs to keep moving. A short distance beyond the towers is plowed ground. No man could cross it without leaving telltale footprints. The plowed strip is about a hundred yards wide, and it runs the full length of the frontier.

Past this stretch of soft, trackless earth the lonely road wends its way down a hill to the border police stations and the customs shacks. You cross over into West Germany and suddenly you get the feeling that there is nothing around you—no towers, no fences, no leashed dogs or armed guards. Just the quiet farms and villages of Bavaria.

All the grimness is behind you. But you cannot make the trip through that forbidding stretch of no-man's land without realizing as you never have before that the Iron Curtain is far more than just a catch phrase. It is a stark and deadly reality.

This is the train . . .



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Secretary Dulles Says:

"PARTISAN" DEBATE IN 1956 CAN IMPERIL THE U. S.

Should foreign policy be kept out of the 1956 campaign? This is the way the Eisenhower Administration sees the issue:

• U. S. has the initiative, not Russia, even in Southeast Asia and the Middle East.

• To keep this initiative, politicians must rule out "partisan excesses" on world policy.

• Bipartisan agreement to hold to "constructive criticism" in this field would help.

• Otherwise, Russia will make hay. Moscow will take no vacation while U. S. politicians seek votes, may make gains abroad.

Administration spokesman is Secretary of State Dulles, manager of U. S. policy abroad.

Following is full text of the transcript of a news conference held by Secretary of State John Foster Dulles on Nov. 29, 1955:

Secretary Dulles: I understand that we have here a number of distinguished journalists from other countries. I want to extend to them a greeting, and my hope that they will derive interest from one of our rather distinctive American institutions—this kind of a press conference.

I have received intimations that there might be some interest in my views about foreign policy in the coming campaign. Perhaps I should say the actual campaign. So I have prepared a little statement here which I will read to you, and copies of which will be available in a few minutes.

Foreign policy will no doubt be debated during the presidential campaign. Such debate should be welcomed so long as it is constructive and conducted in such a manner as not to endanger our nation.

It needs to be remembered that those hostile to the United States and its ideals are not going to take a vacation so that we here can safely concentrate on a domestic political battle. We should not encourage them to become bolder, calculating that the months ahead, because they are an election period for us, will provide unusual opportunities for them.

Our nation will need the same bipartisan unity which in the past has given authority, vitality and much success to our foreign policies. The need for such bipartisanship has been increasingly recognized during the postwar decade, and last year bipartisanship reached a new high.

The foreign policies of this Administration have developed out of an intimate co-operation between the Executive and the Congress on a nonpartisan basis. President Eisenhower and I have made it a regular practice to confer with congressional leaders of both parties on all aspects of foreign policy. As Secretary of State, I have met more than 100 times with bipartisan congressional groups and many more times with individual members of Congress.

Most of these meetings have been in executive session and have provided the congressional leaders, both Democrats and Republicans, with the knowledge and opportunity which have enabled them to contribute to an unusual degree to the making of our foreign policies. For example, Senator George and Congressman Richards, the chairmen of the Senate and House committees dealing with foreign affairs, have taken an active part in policy making.

It is to be hoped that partisan debate will not disrupt or disparage this process, which is necessary to give to United States foreign policy the stability required if our friends abroad are to depend upon it and if our enemies abroad are to respect it.

I know that no American will deliberately imperil his nation. But that peril could result from careless or uninformed indulgence in partisan excesses. "Politicking" is not as fully discounted abroad as it is discounted by the good sense of the American people.

It is to be hoped that during the coming year both Republicans and Democrats who discuss foreign policy will bear this in mind.

Now, if you have any questions.

Q: Mr. Secretary, you used the term "constructive" criticism. How would you define that?

Secretary Dulles: I would think that constructive criticism is criticism which suggests something better than what our present policies are, or which attempts to do so.

Q: Have you heard any constructive proposals made yet, Mr. Secretary?

Secretary Dulles: No, but I should frankly say that I have not myself read the speeches on this topic that have been made so far by various aspirants for political office.

Q: Mr. Secretary, who is the judge of what is better?

Secretary Dulles: I think that has to be an honest judgment of the individual concerned.

Q: Well, his judgment may differ with you as to whether it is good or better.

Secretary Dulles: No doubt there will be differences.

Q: Mr. Secretary, before you left for Geneva, at your last press conference you said that your personal analysis of Soviet moves led you to entertain some optimism for the future as to the outcome of the conference. Have you any new appraisal now, or can you tell us what went wrong?

Secretary Dulles: Well, I made a 30-minute appraisal in a radio-television statement, where I analyzed the situation pretty fully. I have no reason to change or depart from what I said at that time.

. . . "I have never had confidence in Soviet-Communist promises"

Q: Mr. Secretary, Adlai Stevenson in his speech on November 19 said, in his words, "Now that the mists have arisen from the Summit Conference of last July, we must again face the fact that our security system is deteriorating." He also went on to say, "The international situation is more perilous than it has been since Korea." Do you agree with either of these statements?

Secretary Dulles: Well, now let me tell you this: I am going to try as hard as I can to avoid myself getting drawn into what could reasonably be regarded as a partisan position. I think that the job that I have is pretty much of a full-time job, and I'm trying to handle it in the way which will best serve the interests of all the American people. So, I shall avoid, as far as I possibly can, getting drawn into any aspect of partisanship. And I'm afraid that if I were to answer the question which you have put, it would involve me in precisely the kind of thing which I want to try to avoid. So I will have to be excused from answering questions of that type for the reason which I indicated.

Q: Mr. Secretary, the National Planning Association, which describes itself as a nonprofit and nonpolitical organization, has made some criticisms this week in putting the criticism that our political situation has deteriorated badly during the few months of the "Geneva spirit." Do you care to comment on that?

Secretary Dulles: No, I don't believe so. I don't know what that organization is. You say it claims to be nonpartisan, but from what you say of their statement, I suspect that there may be certain partisanship latent in their midst. In any event, I don't like to be drawn into these controversies about generalities which seem to me to partake of the nature of partisan attack.

Q: Mr. Secretary, would you care to comment on the Soviet radio announcement this morning that Russia is ready to stop nuclear tests if Britain will do the same?

—United Press

SECRETARY DULLES

Secretary Dulles: I have just seen the report of that. I think it just came on the ticker a few minutes ago. The question as to whether or not a suspension of nuclear testing could be made dependable and in the interests of the United States is a matter which has been under consideration and study by this Government for a great many months. So far, we have not found any formula which we felt could meet the two specifications I indicated of being both dependable and in the interests of the United States.

And when I say "the United States," I refer not only to our national interest, but the interest that we have in protecting peace and freedom in the world. So, as I say, the topic is one which has been long considered. It involves a great many highly technical elements. And, so far, the United States has not come to any positive conclusion in the matter.

Q: Mr. Secretary, can you tell us if the President sent any direct appeal to Chiang Kai-shek not to veto Outer Mongolia's membership in the United Nations?

Secretary Dulles: No, I can't comment on that.

Q: Would you say on your own authority, Mr. Secretary, that our international position has not deteriorated?

Secretary Dulles: I think that I had better not get into that.

Q: Mr. Secretary, if I may put my question.

Secretary Dulles: Yes.

Q: On the basis of your previous statements, can we assume that you will make no speeches under the auspices of the Republican National Committee in next year's campaign?

Secretary Dulles: It is not my present intention to do so. I suppose events could lead me to change my mind, but I don't anticipate that. So far, I have declined any such invitations.

Q: Mr. Secretary, what kind of events might cause you to change your mind?

Secretary Dulles: Well, I wouldn't like to anticipate—it might put ideas in people's minds.

Q: Mr. Secretary, do you think that your party, which was the challenger in 1952, kept foreign policy out of the campaign, and set a pattern the Democrats might emulate?

Secretary Dulles: I think if you will examine the record of the Republican Party over the past three presidential campaigns—'44, '48, '52—you will find that it constitutes a very sound and admirable record to follow.

Q: Mr. Secretary, you said in April of 1952, during the presidential campaign, that the United States was "dancing to whatever tune the Soviet leaders chose to play." Would that fall within your definition of constructive criticism?

Secretary Dulles: I think if you will read the whole article you will find that it has that quality.

Q: Mr. Secretary, would you care to give us some of your ideas on the role of the economic aid in Middle East and South Asia in view of the Soviet offers of economic assistance to those countries?

Secretary Dulles: Well, so far, I am not aware of any solid offers of economic aid by the Soviet Union to that part of the world. I am not sure that selling arms, and possibly even selling other goods at a pretty stiff price, constitutes economic aid; certainly, that is not the way we define it.

Q: Mr. Secretary, do you have any comment on the detention of Congressman Ostertag's party in East Berlin?

Secretary Dulles: No, I know little about that; in fact, it happened while I was away, and I have not had time yet to inform myself about the details. It seems to have been a local incident. But the full implications of it I wouldn't want to attempt to go into now because I haven't had time to study it since I got back yesterday afternoon.

Q: Mr. Secretary, in your speech on November 19 you said that the Russian behavior at the Geneva Foreign Ministers Conference "had seriously set back the growth of any confidence the free world can justifiably place in Soviet promises." What, in your view, would the Soviets have to do to restore any confidence that the West might have in their promises?

Secretary Dulles: I have never had a great deal of confidence in Soviet-Communist promises unless they were given under circumstances so that the self-interest of the Soviet Union became an obvious reason for them to make their

. . . "Pressure of world opinion will bring German unification"

promises good. I have frequently said—I recall particularly one hearing before the Foreign Affairs Committee—that I thought it would always be reckless for the United States substantially to alter its position in reliance merely of promises by the Soviet Union as to what they might do in the future.

We did not, in fact, alter our position or our programs in reliance of the Soviet promise that was given at the Summit Conference at Geneva. It would take a combination of events, such as the performance by the Soviet Union of a promise, even under circumstances where it was detrimental to the Soviet Union to carry out that promise, in order to make future promises seem such that we could rely upon them. That may be a little abstract, but I think that gives my philosophy about this matter.

How Russians Shift Position

Q: Well, could you name any specific issues which the Soviets might change their view on?

Secretary Dulles: The particular event which led to that statement of mine provides a good illustration. At the Summit Conference at Geneva it was said there that the four heads of government had agreed that Germany should be unified by means of free elections. Now at the subsequent Conference the Soviet delegation took the position that they could not admit of free elections which would embrace East Germany. If they were willing to have such free elections that would be one step forward, at least, in restoring confidence in their promises.

Q: Mr. Secretary, what are the prospects now for German unification? What can the West do about it at the present time?

Secretary Dulles: Well, I would say that there are two things that the West could do. One is we should keep the pressure on. We kept the pressure on as regards Austria, and finally we got the break which gave Austria her freedom. I think that the same pressure will in due time produce the same result for Germany.

It is almost impossible to speculate with profit as to how long the time will be; it could be very short, it could be long. The break that came in Austria came in a sense as a very considerable surprise after seven or eight years, it was, of hold-out. So I think the pressure of world opinion, if it is kept on, will bring that unification about.

The second thing is that, in my opinion, the West shouldn't just sit around waiting. They should go ahead with the plans for the increasing of integration and unity of Europe. I am not thinking primarily in terms of the military unification, although that is important. I am thinking more in terms of the general development of the so-called "European idea" and moving toward a United States of Europe in terms of political and economic unity, either on a broad basis or on a functional basis through the development of such institutions as the Coal and Steel Community.

Q: Mr. Secretary, regardless of whether there is any substance to the so-called Russian offers in the Middle East and Southeast Asia, it seems quite plain, from all reports we get, that they have made great psychological gains as the "friend" of these people. Is it your belief, sir, that our position is strong enough in those areas that we need to do nothing more than we are doing now to meet that so-called psychological challenge?

Secretary Dulles: Well, as I said in my radio report after the last Geneva Conference, I do not think that there are any developments which require us to alter the general magnitude of our problems. That does not mean that there may not be a need for some increases or some shifting. We have always sought and needed and used flexibility. The point of the greatest need shifts from time to time from one place to another and it may be—it is quite likely to be, that the situation in the South Asia and Middle East area will be a focal point for a time.

But the general order of magnitude upon which we are working now with the present, or preferably a little greater, degree of flexibility will, I think, enable us to deal adequately with the situation. It would, of course, be impossible for us if, at any point where the Soviet made a proposal, we immediately cap it with a better proposal. That would mean by no expenditure at all the Soviets could engage us in immense expenditure. That would be just falling into another kind of trap.

We have constructive policies which have evolved over the years involving the grant—to some extent the loan but in most places the grant—of a great many tens of millions of dollars in that area. That program has helped to bring the people forward in their economic development.

I think, in these matters, the so-called "long haul" program is better than emergency operations. We have developed what we call a "long haul" program for military, particularly in terms of NATO [North Atlantic Treaty Organization]. I think that in terms of economic development something that is steady and sustained is better than something that is sporadic. That is my general approach to that problem.

Q: As a sequel to that, sir, would you say that we or the Russians have the initiative in those areas now?

Secretary Dulles: I would say that we have the initiative, very distinctly

Q: In both those areas?

Secretary Dulles: Perhaps some qualification is required because there is a Soviet effort being made there for the first time. Now, when a person has not been making any particular effort and he starts to make it, that, I suppose in a certain sense, gives him an initiative. But if you want to take the total situation on a comparative basis I believe that what we are doing and have been doing in the area is of incomparably greater importance and significance than these tentative proposals that the Soviets are now making and as to which we don't yet see clearly how much solid substance there is behind the smiles.

No Report on Israel Yet

Q: Mr. Secretary, can you tell us the status of the State Department's consideration of Israel's request to buy munitions from this country to offset the movement of Communist arms to Egypt?

Secretary Dulles: That request has been referred to the Defense Department for study in terms of costs and availability, and we do not yet have their report on that.

Q: Mr. Secretary, in your prepared statement I believe you said that Senator George and Congressman Richards in the past had taken an active part in policy making, I believe was the phrase. What particular policies were you referring to in which they have had a policy-making part?

Secretary Dulles: Well, it would take me too long to go through all of that. I may, just as one illustration, one example, mention Senator George. Around the middle of March, I think, he called for a "summit" meeting of the four heads of government. The weight he threw behind that had a

(Continued on page 104)

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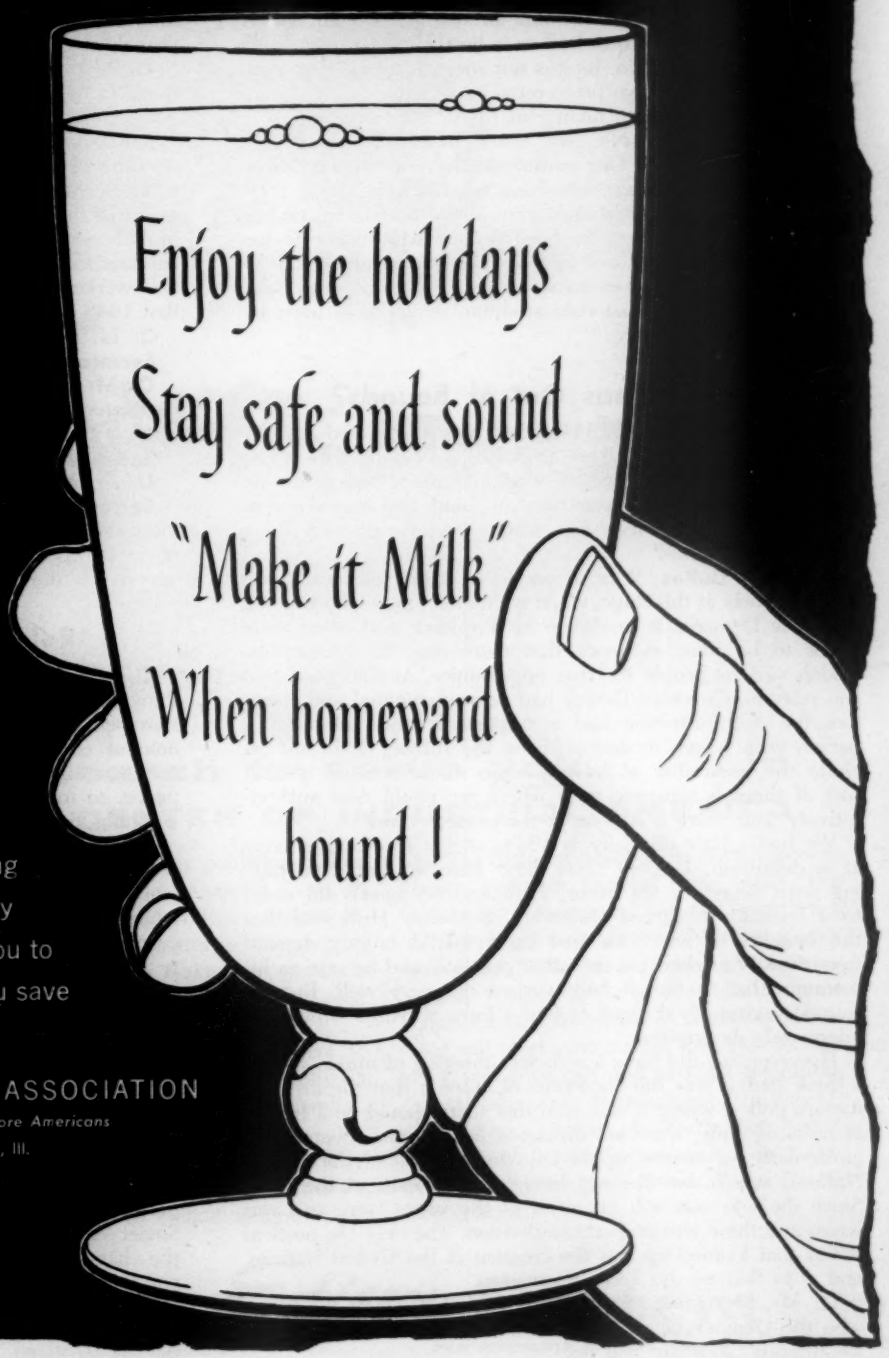

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. . . In 1944 campaign "there was no partisan division"

very considerable influence on the final decision of the Executive in that respect. That is one illustration. I could give dozens of them.

Q: Would you include the changing or changes in our policy in Asia in regard to the China-Formosa problem among those in which they participated?

Secretary Dulles: Yes, I would say that the influence of both Senator George and Congressman Richards is very considerable in relation to our Asian problems.

Q: Mr. Secretary, at one time you said Ambassador Bruce would be a Democratic consultant in shaping foreign policy. Has he recently been consulted or is he still being consulted?

Secretary Dulles: No, he has not recently been consulted. That is primarily his own preference.

Q: Has anybody been taking his place?

Secretary Dulles: No, we don't have any distinctive Democratic consultant. Our consultants have been the Democratic leaders in Congress who have taken a very active part. Another Democrat who has taken an active part in relation to our Southeast Asia policy has been Senator Mansfield. He has gone out there several times and has always consulted with us very fully when he comes back. He has expressed views and ideas about the Southeast Asia situation which have been incorporated in our policy.

Define Areas Out of Bounds?

Q: Mr. Secretary, in 1944, when you negotiated the bipartisan agreement with those in power, as I remember it you tried to define certain areas that would be out of bounds during the campaign. Now do you have in mind any machinery or any procedures by which you would go forward with these general observations?

Secretary Dulles: Well, it would be rather difficult to do it, particularly at this stage, when we do not know who is going to be the Democratic candidate for President and when there seems to be some evidence that there may be competition among various people for that opportunity. At that time that you refer to, Governor Dewey had been nominated and therefore the Administration had a responsible and authoritative person with whom to deal with on the subject. I do not exclude the possibility of having some understanding of that sort, if there is someone with whom we could deal authoritatively. But there is no one at the present time.

We had a little difficulty in 1944, as you recall, in arriving at a definition. I spent three days here at that time talking with Secretary [of State] Hull and we never did come to a formalized, agreed statement. Secretary Hull said that the benefits of what we had done would largely depend upon how it worked out in actual practice, and he says in his memoirs that in fact it had worked out very well. But we found it extremely difficult to find a form of words which was adequately descriptive.

However, we did have a sufficient meeting of minds so that I think that it was the consensus of opinion that the areas of foreign policy, where it was vital that there should be a feeling of national unity, were not disturbed by partisan debate. That particularly, of course, applied to the creation of the United Nations, which was the big foreign-policy issue at the time. Since the war was still on, most of the issues were still war issues and there was no partisan division. The only big postwar policy that loomed up was the creation of the United Nations, and as to that we did find agreement.

Q: Mr. Secretary, I believe you said that we do not know who the Democratic candidate will be. Do we know who the Republican candidate will be?

Secretary Dulles: We know who will be the Republican President during the period of the campaign, which is the essential thing.

Q: Mr. Secretary, the nominating conventions are so late that if you attempt to make such an agreement it will be for only a relatively few weeks, and will have very little effect upon possibly the most explosive period. Do you think it will be possible to make any other arrangement than with the nominee himself?

Secretary Dulles: Well, I foresee a good many difficulties in the way of doing that. I realize the pertinency of your remarks.

Q: Isn't it another difficulty that the old agreement was made in the war, during the war, and it has never been tried in peacetime?

Secretary Dulles: We had, I would think, an even greater measure of bipartisan co-operation and understanding in 1948 when Secretary [of State] Marshall and I were in Paris during much of that period. We worked very closely together. I was in daily communication with Governor Dewey; he was in daily communication with President Truman, and we had a very well-worked-out, carefully defined working arrangement during that 1948 campaign.

Q: Is that an argument for bipartisanship or against it?

Secretary Dulles: Well, that is a matter of opinion.

Q: Mr. Secretary, do you include the chairmen of the respective national committees as among the persons who should observe this rule?

Secretary Dulles: Well, ideally, yes.

Q: Practically?

Secretary Dulles: Practically, I find that it may be much more difficult, and I doubt that the utterances by the chairmen of the two political committees are given much weight abroad, and that is the area of greatest delicacy.

Rules Apply to Both Parties

Q: Mr. Secretary, would you care to comment on two things, first Mr. [Democratic National Chairman] Butler's statement about peace, and taking that question out of the field of controversy, and then [Republican] Senator Wiley's comment this morning adjuring his own party to maintain the peace, so to speak, in foreign policy. Would you care to say anything about that?

Secretary Dulles: I think what I refer to as "partisan excesses" applies to Republicans as well as to Democrats. When you have good results—and you have a whole series of results which I could point to if I was not afraid thereby of being partisan—when you have a whole series of results which have to a very considerable extent grown out of bipartisan cooperation, I do not think that any one party should attempt to assume the entire credit for those results.

As far as peace is concerned, I never knew that peace was a controversial or partisan subject with the American people. I assume both parties want peace and are glad we have it.

Q: Mr. Secretary, coming back a minute to your remarks on the prospect of German unification, you drew the analogy of the Austrian situation and pointed out that it was work and perseverance that brought this about. There was a change in Soviet leadership which I think was also probably credited with the change of Russian attitude in Austria. I was wondering if you were anticipating some change in the Soviet side that may also contribute to the German situation.

Secretary Dulles: Well, changes are inevitable even in the case of dictatorships.

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WHY CRAFT UNIONS DON'T LIKE MERGER

Labor's "aristocrats," the skilled workers in craft unions, already are talking rebellion within the newly merged AFL-CIO.

These AFL veterans fear they will be snowed under by industrial unions. Some are thinking about branching out on their own.

NEW YORK

Behind all the fanfare of the AFL-CIO merger here this week, a small revolt is brewing.

It is an uprising of the skilled workers. Their "craft" unions started the AFL 74 years ago. Their unions drove the founders of the CIO out of the AFL 20 years ago when the CIO group insisted on recruiting workers into "industrial" unions regardless of jobs or skills.

From 1881 until a few years ago, these craft unions of skilled workers had firm control of AFL policies. When the CIO came into being in 1936, 71 per cent of the members of the AFL were in craft unions.

Now things are reversed. It is the craft unions that will be in the minority in the new AFL-CIO. They find themselves with only one third of the members in the new federation.

As a result, some of the skilled groups are thinking of pulling away from the AFL-CIO in favor of life as independent unions. What worries them is the same problem that faced craft unions 20 years ago: talk of a big drive to recruit workers into industrial unions, ignoring craft-union lines.

Most of the opposition to this drive, and to the merger of the AFL and CIO, has been under the surface. With top officials of the two organizations pledged to "unity," the small craft unions hesitated to take public positions against the merger.

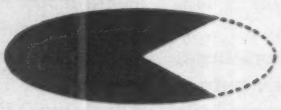
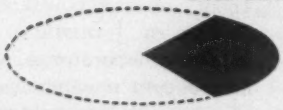
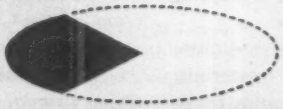
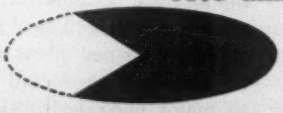
However, a few officials have spoken out, and many more have discussed their fears in private conversations.

What is wrong, according to the skilled workers, is a combination of things:

• The big unions are proposing an organizing drive in an effort to unionize millions of workers still outside the fold. The skilled groups want skilled workers

(Continued on page 108)

INSIDE LABOR: LESS POWER FOR CRAFT UNIONS

Twenty years ago, before CIO was born —	NOW, with AFL and CIO merging —
AFL had **3.5 million members**	*New AFL-CIO will have* **16 million members**
Craft unions, accepting only skilled workers, had **2.5 million members or 71% of the total** 	*Craft unions will have* **5.2 million members or 33% of the total** 
Industrial unions, taking both the skilled and unskilled, had **1 million members or 29% of the total** 	*Industrial unions will have* **10.8 million members or 67% of the total** 
CONTROL was held by craft unions	**CONTROL will be held by industrial unions**

Source: 1955 data, National Industrial Conference Board; earlier data, American Federation of Labor

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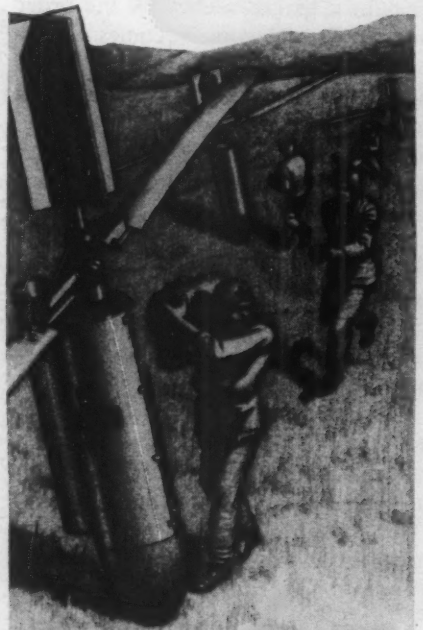

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. . . Skilled-worker unions fear "tax" boost from merger

in the unorganized industries to join the craft unions, but the former CIO unions want all employes enrolled in industry-wide unions.

• Control of the AFL-CIO will be in the hands of a few unions, the craft group charges. One official contends: "The AFL-CIO will be the only large institution in the country governed 100 per cent by caucus." He said that the top Council of 29 members would have the votes to control any convention.

• The craft group sees itself outvoted in the conventions that fix policy on organizing drives, on politics and on dues. Unions vote on the basis of their membership.

• Craft unions fear that their "per capita taxes" will be boosted. One official predicted that the AFL-CIO will have to double the fees paid in the past by the AFL unions—if the new federation is to retain the large headquarters staff and organizing staff it takes over from the AFL and CIO. A deficit of 3 million dollars was predicted for the first year, if present staffs are maintained.

• The political activity that can be expected of the new federation also worries some union heads. "I am a Democrat," one craft-union leader said, "but I don't like the AFL-CIO getting so active in the Democratic Party. A labor federation is not the place for partisan politics."

The other side of the argument, according to industrial unions, is this:

• Top officials have been giving the craft unions assurances that the craft unions will not be submerged in any organizing drives put on by the national organization. Craft unionists have been told that they will be consulted before a recruiting drive is started in an industry where they claim organizing rights. Other unions, in fact, have complained that "the crafts" may get what amounts to a veto power over organizing.

• Rights of a craft union to recruit patternmakers, for example, will be protected as in the past, officials told the craft group.

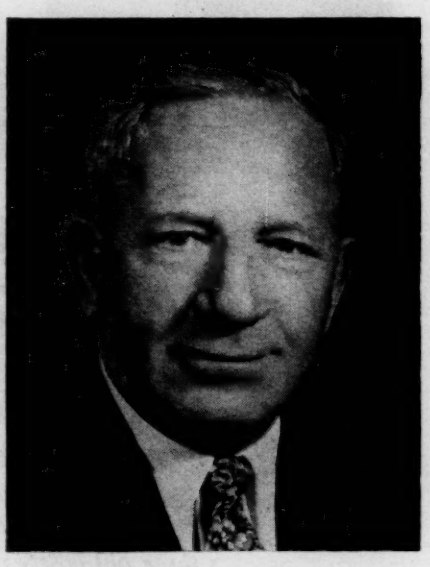
• AFL-CIO leaders are expected to reduce expenses of the new federation by laying off some of the organizers and staff members after a few months. Officials hope that many employes will be taken over by individual unions.

• As for craft-union charges that the AFL-CIO Council will be "stacked" against crafts, industrial-union adherents say that the AFL Council for years was controlled by craft-union leaders. Now the Council of the merged group is to consist of 19 former AFL officials and 10 former CIO leaders.

Officials deny that the AFL-CIO will be tied to the Democratic Party. They say that the new federation will base its endorsements on the positions taken by candidates, not along party lines.

Metal-trades unions are among the craft groups that are suspicious of the industrial unions and their intentions.

To protect the crafts, an official of the AFL Metal Trades Department revealed last week, he asked top leaders of the AFL recently to give craft unions a voice in any organizing drives in the metal-trades field. James A. Brownlow, president of the department, said he proposed that a committee be set up to decide whether a factory should be organized on a plant-wide basis.



PATTERN MAKERS' GEORGE LYNCH
A no-raiding pact is not for him

The craft unions would have an equal voice in such a committee, under the proposal.

This warning was issued by Mr. Brownlow: "We are sure that craft organizations are not going to yield too willingly to the submersion of their craft into an undefinable mass group of employes. That is foreign to the traditional practice of the craft unions and of the craftsman, but, where it may be necessary that this action be followed, then it should be on a basis of mutual understanding and agreement."

Another protest came from the president of the Pattern Makers League, George Q. Lynch. When asked if some of the craft unions might withdraw from the AFL-CIO later on, Mr. Lynch said that it "would seem to be inevitable" if

(Continued on page 110)

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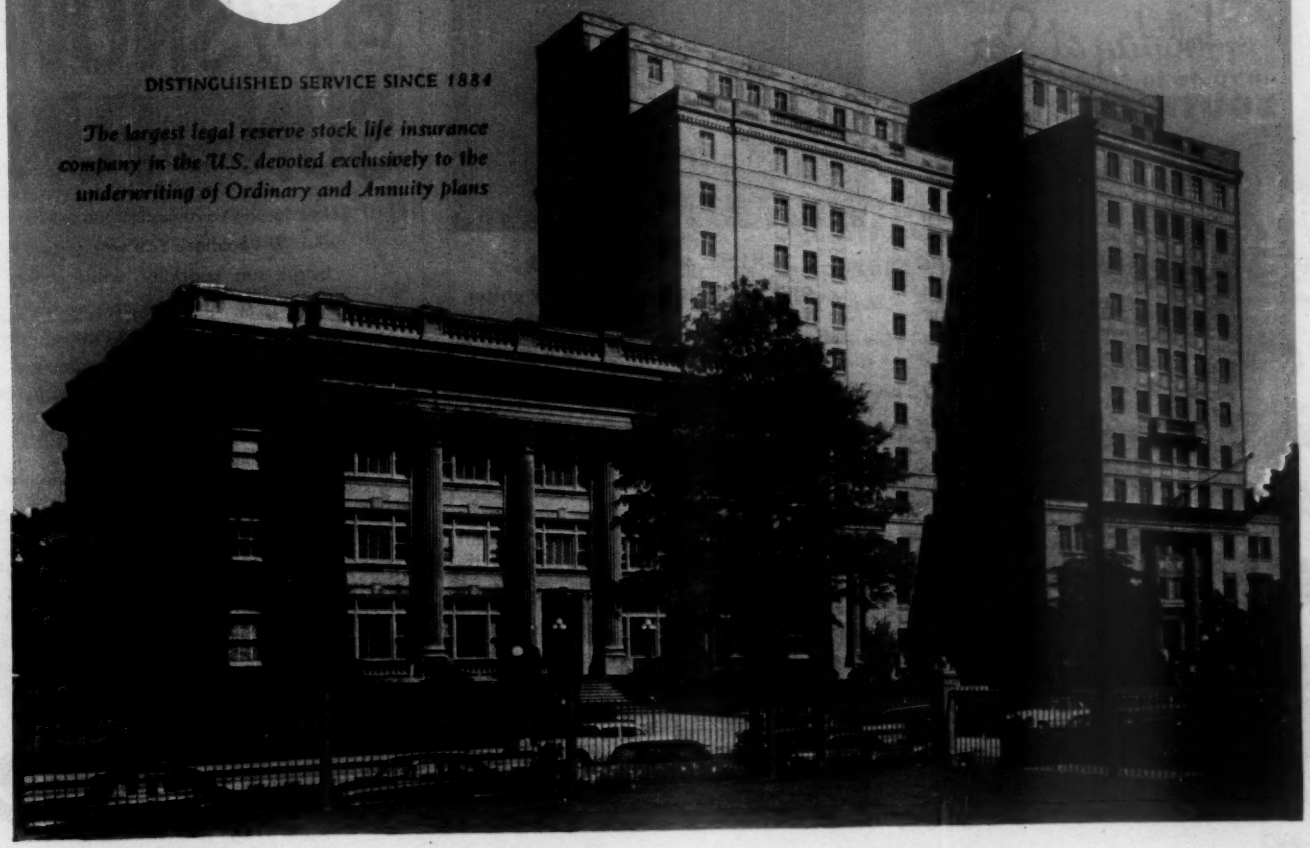

. . . Will craftsmen divide labor's "house" this time?

the new federation increases its "tax" on affiliates.

Mr. Lynch also declared that his union does not intend to sign the no-raiding pact which most AFL and CIO unions subscribe to. Unions signing the agreement promise not to recruit members in a plant under contract to another signer of the pact. Several craft unions have refused to come under this agreement.

Any agreement reached within the AFL-CIO on the question of organizing, Mr. Lynch added, will not stop a craft union from moving into any plant where members of its craft are at work. The craft union can go to the National Labor Relations Board to get an employe election, he pointed out. If the union wins

SKILLED AUTO WORKER
. . . and might be part of a new union

a majority of the votes among the craftsmen, the craft group is set up as a bargaining unit separate from the production employes.

Some union leaders believe that skilled workers in the auto industry, and in other big industries, are moving toward a union of their own. Many skilled workers in autos, for example, have been complaining that pay raises won for them by the United Auto Workers were not large enough, by craft standards.

Thus, as union leaders gathered in New York to unite into one big family, once again they wondered just how to handle an old, old problem—the issue of craft vs. industrial union. There was the possibility that labor's "house" again might be divided, but that this time the craft unions might take the walk.

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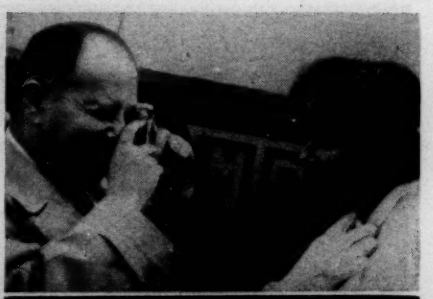

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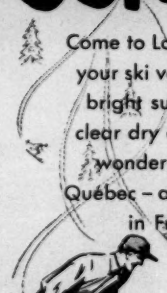

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18-Week Strike: What Union Got

NEW CASTLE, Ind.

After 18 weeks marked by violence, the strike by the United Auto Workers against Perfect Circle Corporation has ended, with these results:

A two-year contract, covering the company's foundry here, has been signed. The union soon will lose its bargaining rights at three plants of the company elsewhere, in which employes recently voted against the union.

A pay raise of 10 cents an hour will be given to strikers as they return to work. This 10-cent raise was offered to the union prior to the strike, and was put into effect for nonstrikers on July 25.

Another wage increase, of 7 cents an hour, will be given on July 1, 1956.

Insurance benefits and pension plans were revised somewhat, adding a penny or two to "fringe" benefits. Most of these changes were offered prior to the strike.

No layoff-pay plan was included. Such a plan was one of the union's original demands, which added up to about 21 cents an hour in costs.

The union failed in an effort to obtain the "union shop," under which all employes would have been required to join the union and pay dues regularly. This had been one of the big issues in the prolonged dispute.

Twenty strikers who had been fired were reinstated in their jobs. Eight other strikers are to return after a 30-day suspension. Cases of seven strikers will be submitted to arbitration, with union and company abiding by decisions of a neutral outsider. The 35 workers were fired during the strike, on the ground that they engaged in violence.

A compulsory-arbitration clause was left out of the agreement. The Auto Union had sought a provision under which disputed cases of grievances would, during the life of the agreement, be decided by an umpire.

Strikers lost an average of about $1,700 each in wages during the 18 weeks. Part of the loss was offset by payments from the union. The company's loss, if any, was not disclosed. Production was maintained during most of the walkout.

Many of the strikers objected to the settlement. The agreement was accepted by a vote of 86 to 72, the union announced, after national leaders of the union had urged acceptance.

The National Guard has been on duty at the New Castle plant, where rioting broke out on October 5. Eight persons were wounded by gunfire before the Guard arrived.

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Latest Indicators of Business Activity

Business activity continues at a record rate. Retail trade is rising and factory output is holding firm.

Department-store sales averaged 123 on the indicator in November, within 1 per cent of this year's peak, set in July. Sales in the week ended November 26 were 10 per cent above a year ago. There was strong demand for appliances, furniture, rugs.

Factory output, at 144 on the indicator, stood at the level of October, highest for any month.

Steel mills produced at 100 per cent of capacity for a tonnage record.

Carloadings were 16 per cent above a year ago.

Prices were firm for industrial raw materials, soft for farm products. On November 15, the level of prices received by farmers was 7 per cent below a year ago, 28.5 below February, 1951.

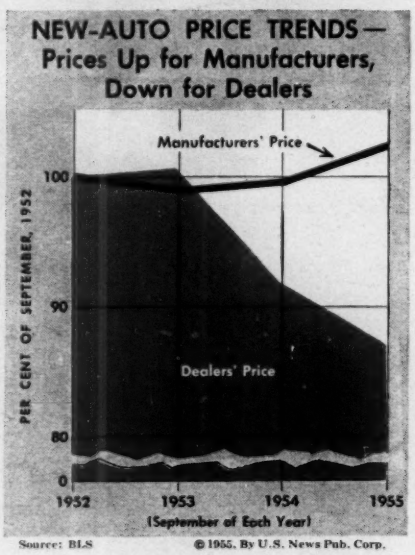
The auto industry is rapidly lifting its output. Factories are shooting for November-December production totaling almost 1.5 million cars.

Dealers' inventory of new cars is mounting steeply after having fallen to about 370,000 on October 20, by the industry's count. At the end of 1955, dealer stocks may exceed 700,000 for the first time.

Dealer sales are reported to have slowed in the first 10 days of November, then improved in the second 10 days. Dealers say that car buyers are shopping for discounts on 1956 models comparable to those dealers offered in their drive to clean up stocks of 1955 models.

Gains in comparison with a year ago, substantial in October and November, leave the industry in some doubt about the real strength of demand. October-November sales averaged about a third above the same months of 1954. But dealer sales were low in October and November, 1954. Unlike the same months this year, dealer stocks of old models were small and new models had not been received from factories.

A better gauge of demand will come in December and early months of 1956.



If sales in these months drop below the same months a year earlier, the auto industry will have spent its force for business expansion, at least for a while.

Auto dealers are keeping a close eye on the market for cars.

New-auto prices charged by manufacturers and dealers have taken different courses since 1952, as the top chart shows. While manufacturers' prices edged higher, dealers' prices sagged. Fierce competition has driven dealers to grant large price discounts on cash sales and large overallowances on trade-ins. The dealers' price reflects these deductions.

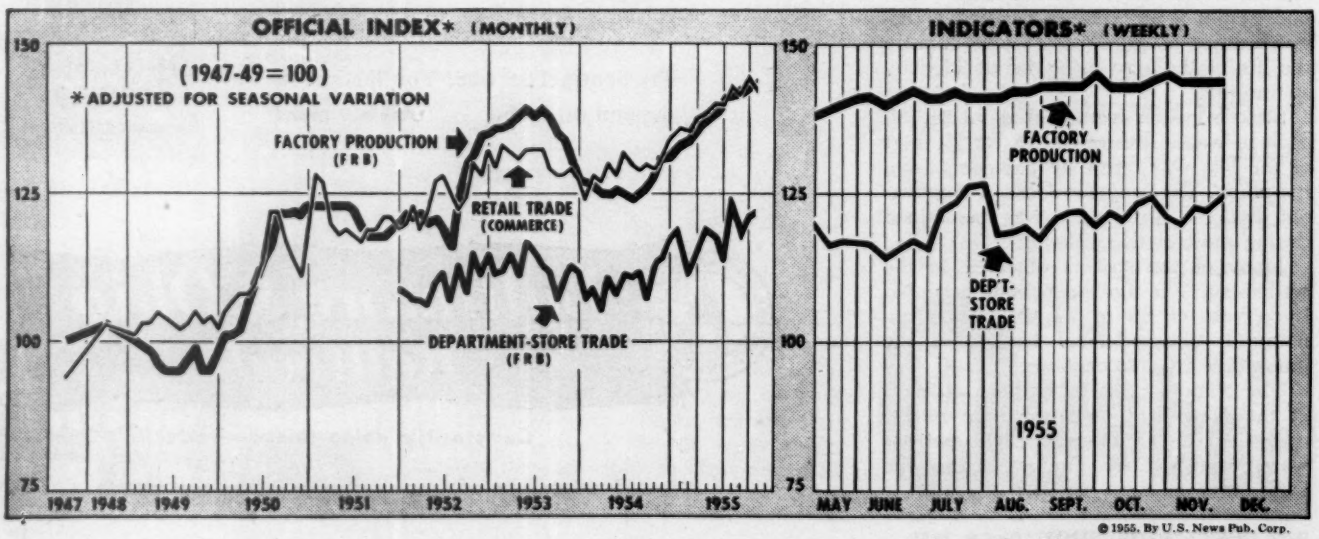
Price increases since September, 1955, the last date in the chart, temporarily alter the trend. In October, manufacturers' prices rose 2 per cent as 1956 models of some makes appeared at higher prices. Dealers' prices rose 5 per cent.

Fresh weakness is likely to develop in dealers' prices within a few months. In October, dealers had begun to sell 1956 models. On these, they were inclined to give smaller discounts and allowances than in closing out 1955 stocks. As dealer stocks of 1956 models grow in coming months, dealers will tend to make more liberal deals.

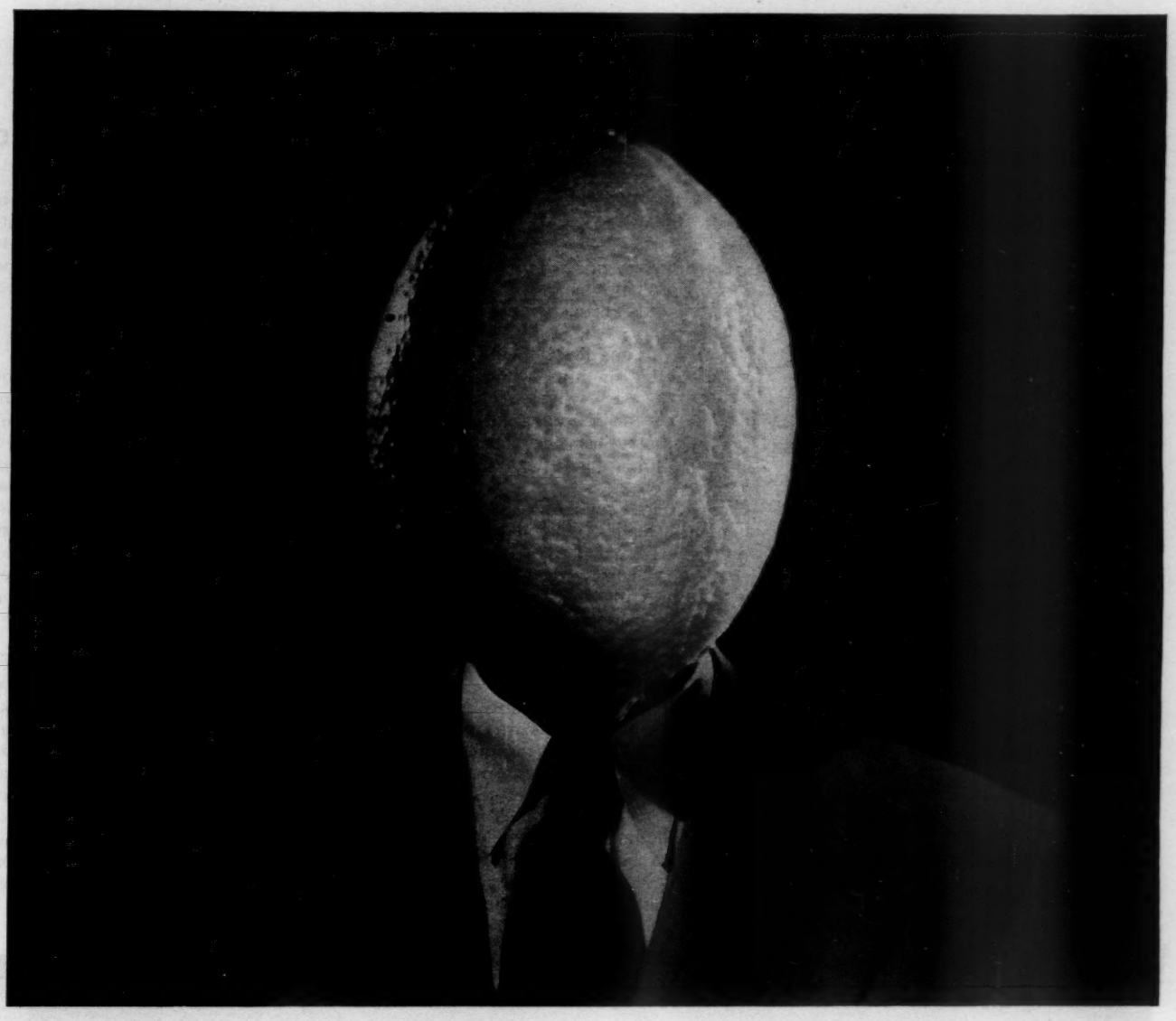
Profits of new-car dealers amounted to 2.5 cents per dollar of sales in the first nine months of 1955, against 1.6 per cent in the same period of 1954. The percentage was 6.3 in 1950, a boom year, and only 0.6 in 1954, a year of recession.

Fear of dealers is that auto sales will drop in 1956, accompanied by a shrinkage in the profit per sales dollar. This years' improvement in profit margin was due to larger sales, which cut overhead per sales dollar.

Auto dealers, like farmers, have suffered a loss of prosperity since early postwar years. Both feel their loss the more keenly because prosperity for the U. S. as a whole is still increasing.



"*Unforeseen events* . . . need not change and shape the course of man's affairs"



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OFFICIAL WORD ON BORROWING

Federal Reserve's Martin Tells What to Expect

Just how far does the Government plan to go in curbing the use of credit?

This is the inside story, told in new testimony before Congress by the official who makes the final decisions on controls.

His conclusions: Danger signs are here now. Curbs are designed to ease pressure for still more credit, prevent a new 1929.

The Government is tightening up on credit at this time. Effects of this tighter credit already are being felt in construction, in autos, by business in general. People are starting to ask questions about what's behind it all, what the Government is trying to do, where it is leading.

Here are the answers, as given by the top man in the move to curb credit—William McChesney Martin, Jr., Chairman of the Federal Reserve Board. Mr. Martin's explanation was given last week at a hearing before a subcommittee of the Senate Banking Committee headed by Senator John J. Sparkman (Dem.), of Alabama. These views, in his own words, follow.

On dangers ahead: "I lived through the 1929 collapse as most of you around this table did. This generation has gotten away from it. And I say categorically that I have some fears about the economy in recent months with respect to whether the pace which is being developed is not an unsustainable pace.

"Housing is just one aspect of that [pressure for credit]. The demands for credit which have been appearing have been so persistent and so vigorous in a number of fields. We have consumer durable goods, particularly automobiles. We have the plans for plant-and-equipment expenditures for 1956, which are large. We've had certain wage-cost pressures all during the year. And there seems no likelihood that they will abate substantially.

"We have started inventory accumulation, but fortunately it hasn't gotten out of hand in any sense at the present time. We have high levels of employment, and our efforts should be directed to having as high levels of employment as we possibly can attain.

"But we believe, those of us in the Federal Reserve today, that inflation will not create jobs than can be sustained, but, quite the contrary, will undermine the stability of existing jobs and will eventually probably create two unemployed for one unemployed that might be there if we had a more reasonable pace of endeavor.

"And that is our primary objective in the policies that have been pursued."

On present warning signs: "Now, we have had these inordinate demands for credit in some respects. We don't think they have gotten out of hand yet, but we think there have been indications, particularly in prices—and to this hearing we mention building materials as one of them—where, if the price pressure grows greatly and imbalances occur, you can see prices move very volatilely and you can see a maladjustment develop which will be very, very difficult to handle."

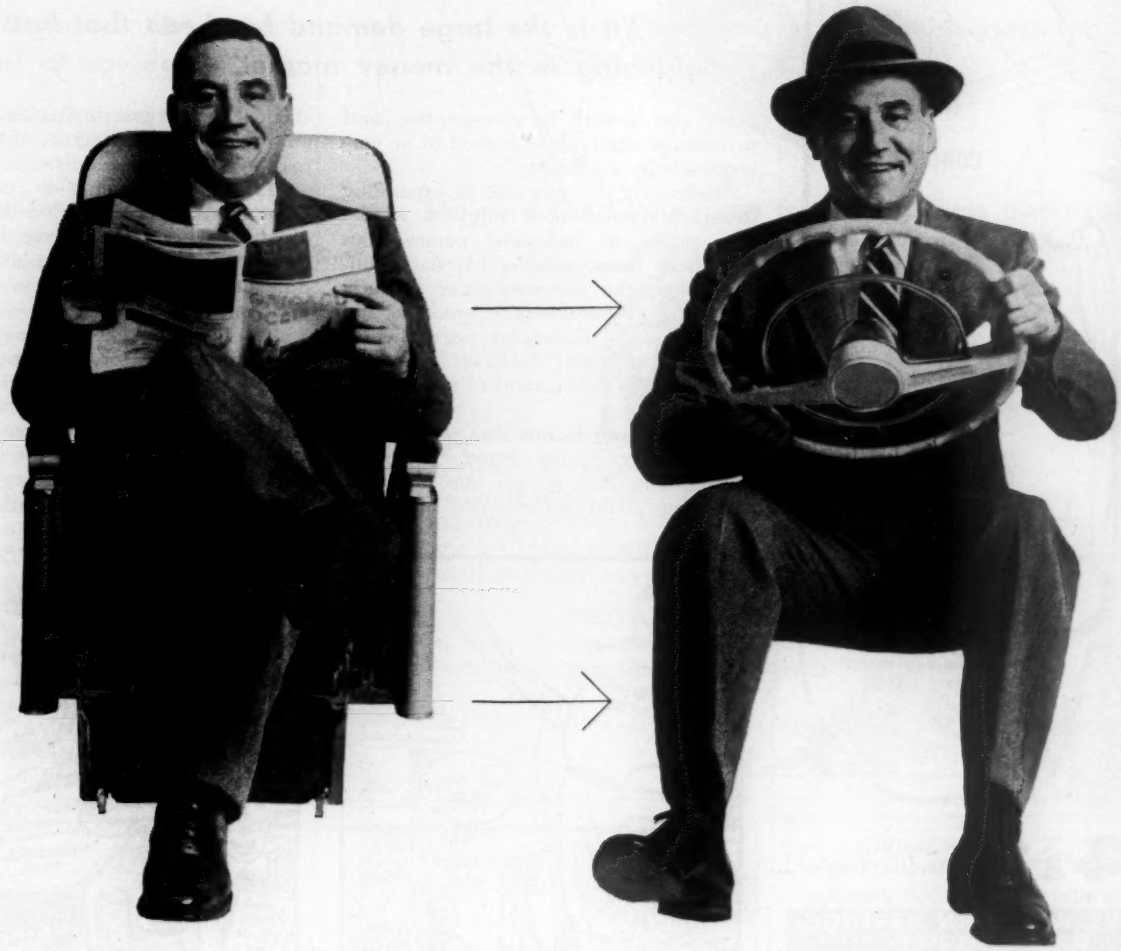
On pressures of the boom: "The most striking economic developments over the past year have been the marked expansion in consumer buying, especially of durable goods . . . , particularly automobiles, a renewed rise in business outlays for fixed capital, and the relatively moderate nature of inventory accumulation.

"Since the output in many areas is now close to capacity, further increases in production will necessarily be at a slower

(Continued on page 116)

—United Press

WILLIAM McCHESNEY MARTIN, JR., FEDERAL RESERVE BOARD CHAIRMAN
"A major current problem is to prevent development of inflationary forces"



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"It is the large demand for credit that has caused a tightening in the money market" . . .

pace, and growth in consumption and investment demands will need to be correspondingly moderated.

"Reflecting the pressures of expanding demands upon limited supplies, wholesale prices of industrial commodities have been rising considerably since mid-year, with the increases more recently extending to intermediate products and finished goods. Consumer prices, which have been relatively stable for two years, have recently shown signs of edging up."

On building-boom dangers: "Since the recovery in the general economy began more than a year ago, activities revolving about construction and real estate, which continued high throughout the 1953-54 recession, have expanded sharply further and are now at record levels.

"The evidence in recent months suggests increasingly that construction and real estate activities—even more markedly than most manufacturing activities—are close to capacity. In these areas, as in the economy as a whole, a major current problem is to prevent development of inflationary forces, which could lead to serious maladjustments and declines from the gratifying levels of activity experienced in recent years.

"The recent volume of construction and high levels of economic activity generally have resulted in large and widespread price increases for building materials. After about two years of comparatively easy material supplies and efficient operations, materials shortages and delays in the progress of work have reappeared.

"Likewise, financing—in competition with many other expanded demands in a capital market characterized by large, though limited, supply—has become more difficult and more expensive for many types of undertakings."

On demand for mortgages: "The number of new houses completed and occupied in the first six months of 1955 was considerably larger than in any other first half year. Completions in the second half will undoubtedly rise further to exceed the all-time-record second half of 1950.

—Alexander in the Philadelphia *Evening Bulletin*

LITTLE BOY GROWN UP

. . . "a heavy volume of financing"

—Herblock in the Washington Post & Times Herald

CAREFUL YOU DON'T FALL DOWN

. . . "some fears about the economy"

"These completions have required an exceptionally heavy volume of financing. In addition, sales of an unprecedented number of old houses have also been financed. Accordingly, mortgage lending so far this year is at record levels, more than one-fourth higher than in the comparable period last year.

"Demands for financing are still rising. Whatever effects the present credit situation may be having on housing markets, it has not prevented an extraordinarily large volume of mortgage underwriting. It is the large demand for credit throughout the economy, rather than a curtailment of funds for investment in housing, that has caused a tightening in the money market."

On credit-control aims: "We are not trying to punish anyone or reduce activity

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. . . "Demands for funds run ahead of savings"

anyplace. What we're trying to do is see that we maintain a continuing high level of business without inducing inflationary pressures.

"Now, I think the fact that we have had four increases in the discount rate doesn't mean that the other discount-rate changes were a failure. I hope that it means that they were adjusted properly so as not to throw too serious a dent into the economy at the time they were made as to be totally ineffective."

On prospects for more controls: "Now, I hope that business will continue so well that we may have to raise the discount rate several more times, because that is a sign of good business as well as a sign of a necessity that some things may be getting out of hand. And the success or failure is not measured in the reduction of starts either in the housing business or the automobile industry or any other industry. It's in its impact upon inflationary forces."

On demand for credit: "In a prosperous, expanding economy, funds for financing home ownerships, as well as financing ownership of other long-lasting capital goods, should come as far as possible from savings in the hands of the owners or made available on loan from institutional or other holders of accumulated savings funds. Free, competitive credit markets are the most effective means for allocating these funds to applicants.

"Under prevailing conditions, demands for funds are running far ahead of the supply of savings. To meet these demands by creating new supplies of money through the commercial-banking system with Federal Reserve assistance would invite dangerous inflationary repercussions throughout the entire country."

On signs of higher prices: "Now, there are some areas of the economy today—take the steel industry, the glass industry—where the demand has gotten so great that you can see the possibilities for price increases, which I hope will call forth a degree of business statesmanship on the part of leaders in those industries, that they will not take undue advantage of this situation, which is a temporary situation in part."

On mortgage drain on banks: "This year's increase in all nonfarm mortgage debt will be close to 16 billion dollars and, of this, over 11 billion will be acquired by three major groups of lenders—savings and loan associations, mutual

(Continued on page 118)

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TO A YOUNG MAN WHO WANTS TO EARN $10,000

Advice from The Wall Street Journal

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This change in values is only one of many changes taking place in America. New inventions, new industries and new ways of doing business are creating new opportunities for young men who want to increase their incomes.

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"We have got to depend on the public. . . . We need all the help we can possibly get" in controlling inflation . . .

savings banks, and life insurance companies.

"This is a very large proportion of the total increase this year in the capital and liabilities due from these institutions to the public. In other recent years, the increase in their capital and liabilities to the public exceeded the increase in their mortgage holdings by a wider margin.

"To obtain the funds needed to keep up the recent high and rising level of mortgage lending and to meet other financing demands which have also been large, these institutions have been borrowing heavily this year from commercial banks.

"Mortgage lenders have also been obtaining forward commitments from the banking system in order to be in a position to make good their own forward commitments to lend.

"A special survey of large-city banks indicated that, in the year ended August 10, loans of such banks to mortgage lenders had risen by over half a billion dollars and that additional commitments for 1.25 billion dollars of loans to such lenders were outstanding.

"In addition, direct real estate loans by commercial banks are likely to rise this year by over 3 billion dollars."

On the psychological factor: "Now, we are dealing with extremely complex forces, and there is one factor that I don't believe any of us . . . can make anything other than observations on. That is the psychological factor. We will all have our various views of what makes for this confidence factor, how it's developed, how it can be destroyed, whether you're moving too far in attempting it.

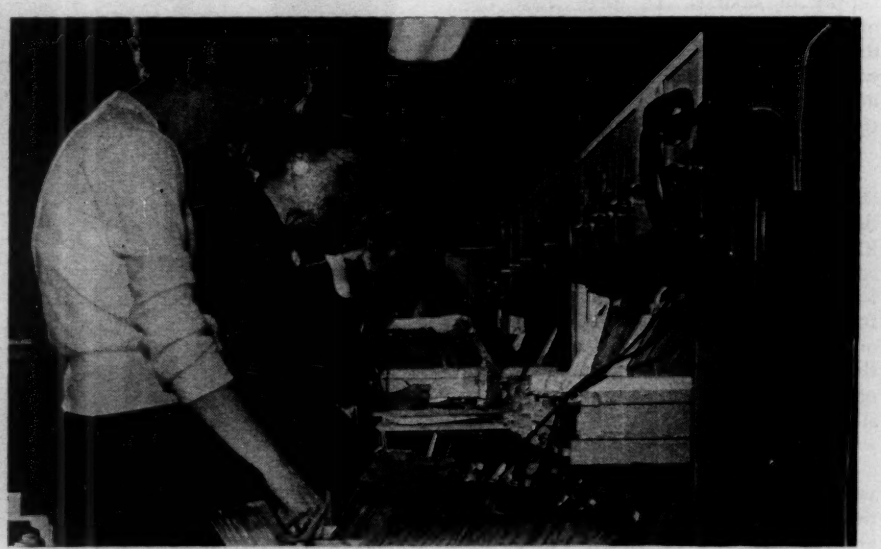
"But I think most of us recognize that this is still a free economy and that you cannot in a free economy be certain what these psychological implications are or may be—but that they are factors that you have to deal with earnestly and carefully and objectively and prayerfully

• • •

"We have got to depend upon the public. We have got to depend on the understanding of builders. We have got to depend on the understanding of Congress. We need all the help we can possibly get in this undertaking . . ."

On credit-control devices: "Now, we [in the Federal Reserve Board] have devices. We have reserve requirements that we could change. We felt that, generally speaking, it's too blunt an instrument. We have open-market operations by which we can buy and sell securities to add or subtract from the money supply. We also have the discount rate, which in a period like this comes in to have a psychological value that it doesn't have in other periods."

On prospects of new controls: "Our problem on the selective credit controls, which is a part of this, you see, and cuts across all of it, has to do with the particular times at which you can be most useful in achieving goals, assuming that you want to achieve those goals, of eliminating imbalances.



–USN&WR Photo

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. . . Aim is to "prevent another 1929"

"I have testified that if I could have Regulation W [limiting installment credit] and Regulation X [dealing with mortgage loans] as a permanent part of the Federal Reserve Act administered by the Federal Reserve, I think there would be all sorts of pressures on the Federal Reserve from other Government departments and from the public. It seems to me that they would not be alternatives to general controls, but they would be important supplements at special times.

"However, having been through it once, I would never want them again as a stand-by operation, as a defense-production operation, because the administrative difficulty is terrific.

"Now, the problem you have in administration is that it applies to more than just consumer credit and real estate credit. It applies to inventories at a given time. I fear an inventory recession because of what I went through in 1953-54. That was my first experience in the Federal Reserve.

"You also have the problem of plant-and-equipment expenditure. We faced that in the post-Korean period, with a voluntary credit-control operation. But at given times, if everybody decides they want plant-and-equipment expenditure—granted that it is the great multiplier of jobs—wouldn't it be a wise thing to hold it back a little bit? All of those forces—I am not asking for any power at all; I am just talking about it—play on this matter of yield curve."

On danger of another 1929: ". . . I assume that the solicitude of all of us is that we prevent another 1929 if it's possible to do so. We recognize that the forces that make for a collapse in the nature of 1929 take a long time to develop.

"Now, this is not a 'fear' statement of any sort. If I thought we were facing a 1929, I'd be up here with a long prepared statement of that sort. But that is our collective endeavor.

"The impact of housing on this picture is just incidental to that, because we want the people to get better housing, whether they get 1.5 million new houses in a year or 2 million houses in a year or 4 million houses in a year. I don't know what it ought to be—the level, the pace of housing.

"But we are convinced that we're doing a disservice to householders and to the community collectively if policies are pursued, however inadvertently, which fail to recognize the pressures for credit which make the pace so fast that the pace cannot be sustained."

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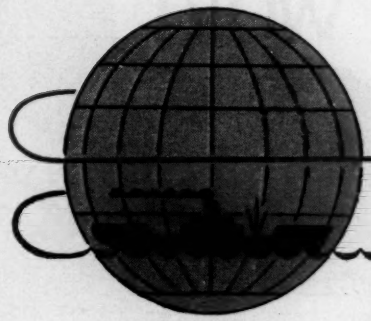


Business Around the World

BONN • PARIS • ROME

›› This is the way Western Europe impresses an American today:

Europe's industrial boom is by far the biggest it has ever known.

Dangers in the boom are appreciated. Go-slow steps are being taken.

Future looks bright to Europeans. Business is planning accordingly.

Self-confidence among European businessmen is growing, in part because of wider distribution of income. Money is getting into the hands of people who never in the past had much to spend. This is a big new fact in Europe.

›› You are struck by Europe's new mood even in Italy, where businessmen used to begin every conversation with Americans by saying, "Italy, of course, is a poor country." Italian businessmen no longer say that. They have quit talking about what Italy can't do and have begun to look at Italy's potentialities.

Time for cashing in on Italy's potential assets seems to be approaching. Never before in modern Italian history have the economic possibilities seemed so good. Only question is whether some man-made bottlenecks can be widened.

›› Tourist spending in Italy--this year far and away the largest on record--is obviously in a steep climb. Now more facilities have to be provided.

Farm output is showing good gains. Greater use of fertilizers and tractors, improved farming methods, big reclamation projects are starting to pay off.

Exports of fruits, vegetables, wines and flowers to Northern Europe are growing into big business in these boom times. Also, Italy has become almost self-sufficient in wheat, has a surplus of rice, milk and cheese. So outlays for food imports are falling off, reducing the usual trade deficit.

Italy's industries--notably business machines, motor scooters, autos, shipbuilding--are doing pretty well in the export markets, and against tough competition. Before these industries can go on doing well, however, some profit margins may have to be pared, and export credit facilities improved.

›› Even in the poorest part of Italy.....

The South, long Italy's most backward section, is gradually becoming an interesting market area for North Italy's industries. The South is beginning to feel a definite stimulus from land reform, the building of roads, bridges, dams and power plants, the stirrings of new industries. It's true that vast sums have to be spent to raise living standards, but a solid beginning has been made.

›› Fuel remains Italy's big problem. Equivalent of 300 million dollars a year is laid out for the imported coal and oil that Italians consume. Even though natural-gas output is increasing, fuel and energy demand is rising faster.

(over)

If Italy's oil reserves--potentially large--can be brought to surface, that big bill for fuel imports can be whittled down sharply. It all depends on revision of the oil law, now in process but buffeted by politics.

>> A new law on foreign investments in Italy is due for passage by the end of the year. Aim of this law is to liberalize the treatment of foreign capital, easing the remittance of profits, dividends and capital. Probable result will be to stimulate foreign, and especially American, investor interest in Italy, with its abundant labor, relatively low wages and central location.

Emigrant remittances, totaling 114 million dollars last year, seem to be on their way up. More and more Italian workers are filling gaps in the labor ranks of Northern Europe. They will send more and more money back to Italy.

Total up all these factors and you begin to see why Italians are not too much disturbed at the downtrend in U.S. aid and offshore-procurement contracts.

Massive U.S. spending put Italy's feet on the recovery road. Now it looks as if the country has the chance to stand on its own feet.

>> Tourism is Italy's greatest potential.

Oil production may be pretty big, but nobody now knows how big. However, it is a certainty that tourists will flock to Italy. Tourist spending is getting close to 300 million dollars a year. Spending in '55 nearly doubled that of '54.

Ten million tourists have come to Italy during 1955. Of these, about half a million were Americans. Most of the tourists were Germans, French, Swiss, Austrians. The number of German tourists has more than doubled in two years.

Actually, the tourist business is set up to deal with American needs particularly. The sudden influx of Europeans has not been unwelcome, but it has been unexpected. Italy has only about a third more hotel rooms available now than in 1939, but there are four times as many tourists.

Most European tourists look for an inexpensive holiday in Italy. So the great need is for many more rooms at inexpensive rates. There's also a demand for more camping sites and hostels for bicyclists and those with trailers.

>> Hotel men in Rome are not very anxious to see new hotels go up, even if Italy did burst at the seams during the peak of the tourist invasion in 1955. Result is that very few hotels have gone up in the big cities since the war.

Medium-price hotels have been built in Sicily, Sardinia, Southern Italy. Most of these have been financed as part of the large-scale program of development of the South, a program that is now in its fifth year.

The hotel squeeze will be felt next January, when the Winter Olympics are held at Cortina d'Ampezzo in the North. As of now, there is hardly a room to be had. By January, even the hotel men may see a need for new hotels.

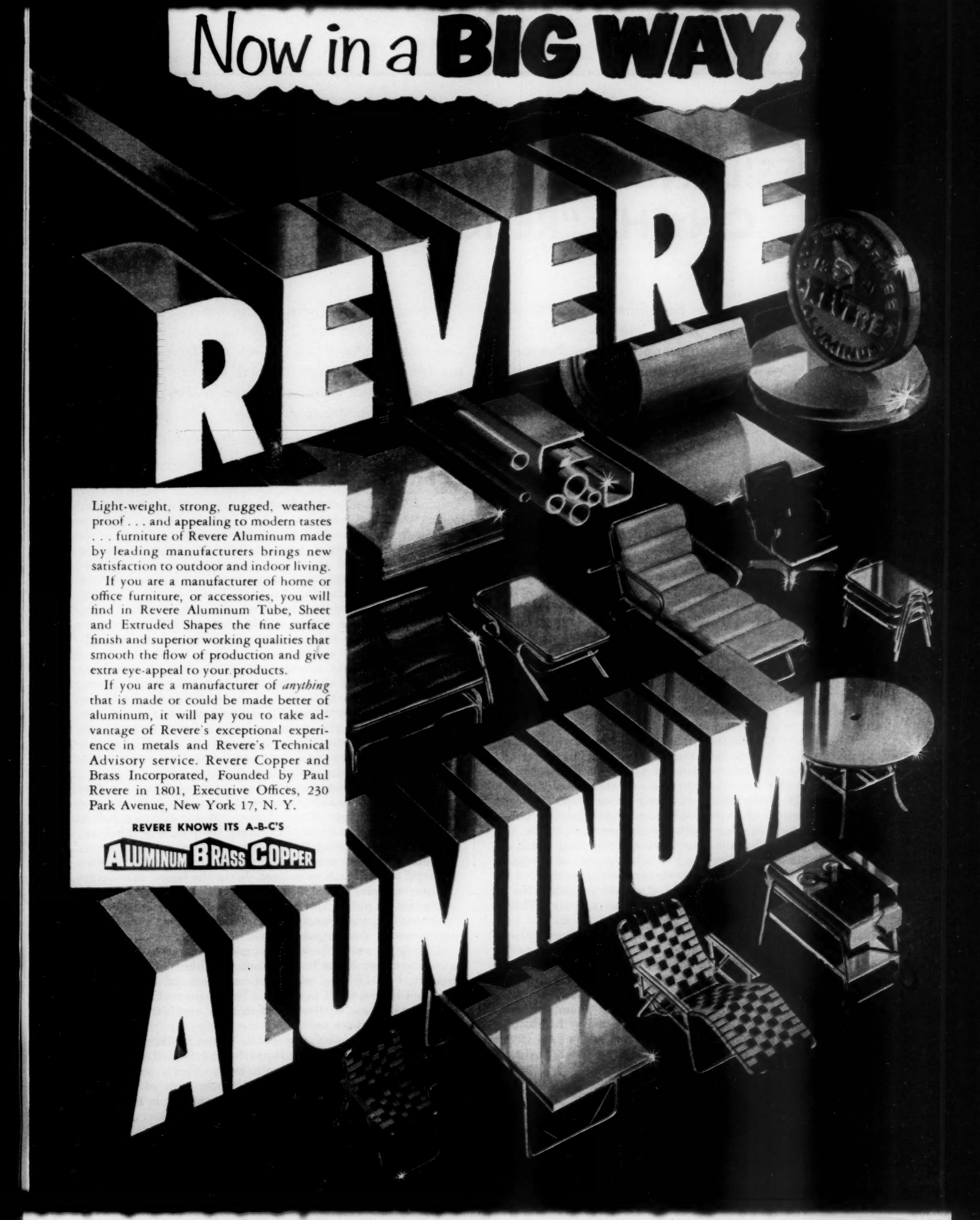
Rome, to get the 1960 Olympics, may have to plan for more hotels.

Problem is this: Italy needs both high-class and cheaper facilities in greater numbers. If this bottleneck can be broken, the more alert Italians see almost unlimited possibilities for tourist trade.

The heavy influx of European tourists has shown Italy that Europeans, as well as Americans, are potential customers. More and more Europeans own cars, are getting longer vacations and have some money to spend on travel.

Nor are soft currencies much of a problem any longer. Italians are quite as anxious to earn West German marks as U.S. dollars. Both are hard money now.

Now in a BIG WAY



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HOW A CANDIDATE FOR THE PRESIDENCY ANSWERED QUESTIONS ON THE "RELIGIOUS ISSUE"

Frank J. Lausche, five times elected Governor of Ohio, is being mentioned for the Democratic presidential nomination. But many politicians are saying that, because he is a Catholic, the "religious issue" stands in his way.

This same issue emerged in the 1928 campaign when Alfred E. Smith, four times elected Governor of New York, was the Democratic presidential nominee. Here is the full text of his reply to that issue, published in May, 1927, in the *Atlantic Monthly*.

by Alfred E. Smith

CHARLES C. MARSHALL, ESQ.
DEAR SIR:—

In your open letter to me in the April *Atlantic Monthly* you 'impute' to American Catholics views which, if held by them, would leave open to question the loyalty and devotion to this country and its Constitution of more than twenty million American Catholic citizens. I am grateful to you for defining this issue in the open and for your courteous expression of the satisfaction it will bring to my fellow citizens for me to give 'a disclaimer of the convictions' thus imputed. Without mental reservation I can and do make that disclaimer. These convictions are held neither by me nor by any other American Catholic, as far as I know.

Before answering the argument of your letter, however, I must dispose of one of its implications. You put your questions to me in connection with my candidacy for the office of President of the United States. My attitude with respect to that candidacy was fully stated in my last inaugural address as Governor when, on January 1, 1927, I said:—

'I have no idea what the future has in store for me. Everyone else in the United States has some notion about it except myself. No man could stand before this intelligent gathering and say that he was not receptive to the greatest position the world has to give anyone. But I can say this, that I will do nothing to achieve it except to give to the people of the State the kind and character of service that will make me deserve it.'

I should be a poor American and a poor Catholic alike if I injected religious discussion into a political campaign. Therefore I would ask you to accept this answer from me not as a candidate for any public office but as an American citizen, honored with high elective office, meeting a challenge to his patriotism and his intellectual integrity. Moreover, I call your attention to the fact that I am only a layman. The *Atlantic Monthly* describes you as 'an experienced attorney' who 'has made himself an authority upon canon law.' I am neither a lawyer nor a theologian. What knowledge of law I have was gained in the course of my long experience in the Legislature and as Chief Executive of New York State. I had no such opportunity to study theology.

My first thought was to answer you with just the faith that is in me. But I knew instinctively that your conclusions could be logically proved false. It seemed right, therefore, to take counsel with someone schooled in the Church law, from whom I learned whatever is hereafter set forth in definite answer to the theological questions you raise.

I selected one whose patriotism neither you nor any other man will question. He wears upon his breast the Distinguished Service Cross of our country, its Distinguished Service Medal, the Ribbon of the Legion of Honor, and the Croix de Guerre with Palm of the French Republic. He was the Catholic Chaplain of the almost wholly Catholic 165th Regiment in the World War—Father Francis P. Duffy, now in the military service of my own State.

Taking your letter as a whole and reducing it to commonplace English, you imply that there is conflict between religious loyalty to the Catholic faith and patriotic loyalty to the United States. Everything that has actually happened to me during my long public career leads me to know that no such thing as that is true. I have taken an oath of office in this State nineteen times. Each time I swore to defend and maintain the Constitution of the United States.

All of this represents a period of public service in elective office almost continuous since 1903. I have never known any conflict between my official duties and my religious belief. No such conflict could exist. Certainly the people of this State recognize no such conflict. They have testified to my devotion to public duty by electing me to the highest office within their gift four times. You yourself do me the honor, in addressing me, to refer to 'your fidelity to the morality you have advocated in public and private life and to the religion you have revered; your great record of public trusts successfully and honestly discharged.'

During the years I have discharged these trusts I have been a communicant of the Roman Catholic Church. If there were conflict, I, of all men, could not have escaped it, because I have not been a silent man, but a battler for social and political reform. These battles would in their very nature disclose this conflict if there were any.

I regard public education as one of the foremost functions of government and I have supported to the last degree the State Department of Education in every effort to promote our public-school system. The largest single item of increased appropriations under my administration appears in the educational group for the support of common schools.

. . . "There can be no conflict between my faith and the law"

Since 1919, when I first became Governor, this item has grown from $9,000,000 to $82,500,000. My aim—and I may say I have succeeded in achieving it—has been legislation for child welfare, the protection of working men, women, and children, the modernization of the State's institutions for the care of helpless or unfortunate wards, the preservation of freedom of speech and opinion against the attack of war-time hysteria, and the complete reorganization of the structure of the government of the State.

I did not struggle for these things for any single element, but in the interest of all of the eleven million people who make up the State. In all of this work I had the support of churches of all denominations. I probably know as many ecclesiastics of my Church as any other layman. During my long and active public career I never received from any of them anything except co-operation and encouragement in the full and complete discharge of my duty to the State. Moreover, I am unable to understand how anything that I was taught to believe as a Catholic could possibly be in conflict with what is good citizenship. The essence of my faith is built upon the Commandments of God. The law of the land is built upon the Commandments of God. There can be no conflict between them.

Instead of quarreling among ourselves over dogmatic principles, it would be infinitely better if we joined together in inculcating obedience to these Commandments in the hearts and minds of the youth of the country as the surest and best road to happiness on this earth and to peace in the world to come. This is the common ideal of all religions. What we need is more religion for our young people, not less; and the way to get more religion is to stop the bickering among our sects which can only have for its effect the creation of doubt in the minds of our youth as to whether or not it is necessary to pay attention to religion at all.

Then I know your imputations are false when I recall the long list of other public servants of my faith who have loyally served the State. You as a lawyer will probably agree that the office of Chief Justice of the United States is second not even to that of the President in its influence on the national development and policy. That court by its interpretation of the Federal Constitution is a check not only upon the President himself but upon Congress as well. During one fourth of its history it has been presided over by two Catholics, Roger Brooke Taney and Edward Douglass White. No one has suggested that the official conduct of either of these men was affected by any unwarranted religious influence or that religion played with them any part other than it should play in the life of every God-fearing man.

And I know your imputations are false when I recall the tens of thousands of young Catholics who have risked and sacrificed their lives in defense of our country. These fundamentals of life could not be true unless your imputations were false.

But, wishing to meet you on your own ground, I address myself to your definite questions, against which I have thus far made only general statements. I must first call attention to the fact that you often divorce sentences from their context in such a way as to give them something other than their real meaning. I will specify. You refer to the Apostolic Letter of Pope Leo XIII as 'declaring to the world that the orders of the Church of England were void, her priests not priests,' and so forth. You say that this was the 'strange fruit' of the toleration of England to the Catholics. You imply that the Pope gratuitously issued an affront to the Anglican Church.

In fact, this Apostolic Letter was an answer to a request made at the instance of priests of the Anglican Church for recognition by the Roman Catholic Church of the validity of their priestly orders. The request was based on the ground that they had been ordained in succession from the Roman Catholic priests who became the first priests of the Anglican Church. The Apostolic Letter was a mere adverse answer to this request, ruling that Anglican priests were not Roman Catholic priests, and was in no sense the gratuitous insult which you suggest it to be. It was not directed against England or citizens of that Empire.

Again, you quote from the *Catholic Encyclopedia* that my Church 'regards dogmatic intolerance, not alone as her incontestable right, but as her sacred duty.' And you say that these words show that Catholics are taught to be politically, socially, and intellectually intolerant of all other people. If you had read the whole of that article in the *Catholic Encyclopedia*, you would know that the real meaning of these words is that for Catholics alone the Church recognizes no deviation from complete acceptance of its dogma. These words are used in a chapter dealing with that subject only. The very same article in another chapter dealing with toleration toward non-Catholics contains these words: 'The intolerant man is avoided as much as possible by every high-minded person. . . . The man who is tolerant in every emergency is alone lovable.' The phrase 'dogmatic intolerance' does not mean that Catholics are to be dogmatically intolerant of other people, but merely that inside the Catholic Church they are to be intolerant of any variance from the dogma of the Church.

Similar criticism can be made of many of your quotations. But beyond this, by what right do you ask me to assume responsibility for every statement that may be made in any encyclical letter? As you will find in the *Catholic Encyclopedia* (Vol. V, p. 414), these encyclicals are not articles of our faith. The Syllabus of Pope Pius IX, which you quote on the possible conflict between Church and State, is declared by Cardinal Newman to have 'no dogmatic force.' You seem to think that Catholics must be all alike in mind and in heart, as though they had been poured into and taken out of the same mould.

You have no more right to ask me to defend as part of my faith every statement coming from a prelate than I should have to ask you to accept as an article of your religious faith every statement of an Episcopal bishop, or of your political faith every statement of a President of the United States. So little are these matters of the essence of my faith that I, a devout Catholic since childhood, never heard of them until I read your letter. Nor can you quote from the canons of our faith a syllable that would make us less good citizens than non-Catholics. In fact and in truth, I have been taught the spirit of tolerance, and when you, Mr. Marshall, as a Protestant Episcopalian, join with me in saying the Lord's Prayer, we both pray, not to 'My Father,' but to 'Our Father.'

But I go further to demonstrate that the true construction of your quotations by the leaders of Catholic thought is diametrically the opposite of what you suggest it to be.

I

Your first proposition is that Catholics believe that other religions should, in the United States, be tolerated only as a matter of favor and that there should be an established church. You may find some dream of an ideal of a Catholic State, having no relation whatever to actuality, somewhere described. But, voicing the best Catholic thought on this subject, Dr. John A. Ryan, Professor of Moral Theology at the Catholic University of America, writes in *The State and the Church* of the encyclical of Pope Leo XIII, quoted by you:—

'In practice, however, the foregoing propositions have full application only to the completely Catholic State: . . . The propositions of Pope Pius IX condemning the toleration of

. . . No conflict "between religious principle and political duty"

non-Catholic sects do not now, says Father Pohle, "apply even to Spain or the South American republics, to say nothing of countries possessing a greatly mixed population." He lays down the following general rule: "When several religions have firmly established themselves and taken root in the same territory, nothing else remains for the State than to exercise tolerance towards them all, or, as conditions exist to-day, to make complete religious liberty for individual and religious bodies a principle of government." '

That is good Americanism and good Catholicism. And Father Pohle, one of the great writers of the Catholic Church, says further:—

'If religious freedom has been accepted and sworn to as a fundamental law in a constitution, the obligation to show this tolerance is binding in conscience.'

The American prelates of our Church stoutly defend our constitutional declaration of equality of all religions before the law. Cardinal O'Connell has said: 'Thus to every American citizen has come the blessed inheritance of civil, political, and religious liberty safeguarded by the American Constitution . . . the right to worship God according to the dictates of his conscience.'

Archbishop Ireland has said: 'The Constitution of the United State reads: "Congress shall make no laws respecting an establishment of religion, or prohibiting the free exercise thereof." It was a great leap forward on the part of the new nation towards personal liberty and the consecration of the rights of conscience.'

Archbishop Dowling, referring to any conceivable union of Church and State, says: 'So many conditions for its accomplishment are lacking in every government of the world that the thesis may well be relegated to the limbo of defunct controversies.'

I think you have taken your thesis from this limbo of defunct controversies.

Archbishop Ireland again said: 'Religious freedom is the basic life of America, the cement running through all its walls and battlements, the safeguard of its peace and prosperity. Violate religious freedom against Catholics, our swords are at once unsheathed. Violate it in favor of Catholics, against non-Catholics, no less readily do they leap from the scabbard.'

Cardinal Gibbons has said: 'American Catholics rejoice in our separation of Church and State, and I can conceive no combination of circumstances likely to arise which would make a union desirable to either Church or State. . . . For ourselves we thank God that we live in America, "in this happy country of ours," to quote Mr. Roosevelt, where "religion and liberty are natural allies." ' [See footnote.]

And referring particularly to your quotation from Pope Pius IX, Dr. Ryan, in *The State and the Church*, says: 'Pope Pius IX did not intend to declare that separation is always unadvisable, for he had more than once expressed his satisfaction with the arrangement obtaining in the United States.'

With these great Catholics I stand squarely in support of the provisions of the Constitution which guarantee religious freedom and equality.

II

I come now to the speculation with which theorists have played for generations as to the respective functions of Church and State. You claim that the Roman Catholic Church holds that, if conflict arises, the Church must prevail over the State. You write as though there were some Catholic authority or tribunal to decide with respect to such conflict. Of course there is no such thing. As Dr. Ryan writes: 'The Catholic doctrine concedes, nay, maintains, that the State is coordinate with the Church and equally independent and supreme in its own distinct sphere.'

What is the Protestant position? The Articles of Religion of your Protestant Episcopal Church (XXXVII) declare: 'The Power of the Civil Magistrate extendeth to all men, as well Clergy as Laity, in all things temporal; but hath no authority in things purely spiritual.'

Your Church, just as mine, is voicing the injunction of our common Saviour to render unto Caesar the things that are Caesar's, and unto God the things that are God's.

What is this conflict about which you talk? It may exist in some lands which do not guarantee religious freedom. But in the wildest dreams of your imagination you cannot conjure up a possible conflict between religious principle and political duty in the United States, except on the unthinkable hypothesis that some law were to be passed which violated the common morality of all God-fearing men. And if you can conjure up such a conflict, how would a Protestant resolve it? Obviously by the dictates of his conscience. That is exactly what a Catholic would do.

There is no ecclesiastical tribunal which would have the slightest claim upon the obedience of Catholic communicants in the resolution of such a conflict. As Cardinal Gibbons said of the supposition that 'the Pope were to issue commands in purely civil matters':—

'He would be offending not only against civil society, but against God, and violating an authority as truly from God as his own. Any Catholic who clearly recognized this would not be bound to obey the Pope; or rather his conscience would bind him absolutely to disobey, because with Catholics conscience is the supreme law which under no circumstances can we ever lawfully disobey.'

Archbishop Ireland said: 'To priest, to Bishop, or to Pope (I am willing to consider the hypothesis) who should attempt to rule in matters civil and political, to influence the citizen beyond the range of their own orbit of jurisdiction that are the things of God, the answer is quickly made: "Back to your own sphere of rights and duties, back to the things of God." '

Bishop England, referring to our Constitution, said: 'Let the Pope and the Cardinals and all the powers of the Catholic world united make the least encroachment on that Constitution, we will protect it with our lives. Summon a General Council—let that Council interfere in the mode of our electing but an assistant to a turnkey of a prison—we deny the right, we reject the usurpation.'

Our Supreme Court has marked out the spheres of influence of Church and State in a case from which you quote copiously, *Watson* v. *Jones*, 13 Wall. 729; but you refrain from quoting this statement:—

'The right to organize voluntary religious associations, to assist in the expression and dissemination of any religious doctrine, and to create tribunals for the decision of controverted questions of faith within the association, and for the ecclesiastical government of all of the individual members, the congregation and officers within the general association, is unquestioned. . . . It is of the essence of these religious unions and of their right to establish tribunals for the decision of questions arising among themselves that those decisions could be binding in all cases of ecclesiastical cognizance, subject only to such appeal as the organism itself provides for.'

That is the State's attitude toward the Church. Archbishop Ireland thus puts the Church's attitude toward the State:—

'To the Catholic obedience to law is a religious obligation, binding in God's name the conscience of the citizen. . . .

EDITOR'S NOTE: The reference is presumably to Theodore Roosevelt.

. . . "I believe in equality of all churches, all sects"

Both Americanism and Catholicism bow to the sway of personal conscience.'

Under our system of government the electorate entrusts to its officers of every faith the solemn duty of action according to the dictates of conscience. I may fairly refer once more to my own record to support these truths. No man, cleric or lay, has ever directly or indirectly attempted to exercise Church influence on my administration of any office I have ever held, nor asked me to show special favor to Catholics or exercise discrimination against non-Catholics.

It is a well-known fact that I have made all of my appointments to public office on the basis of merit and have never asked any man about his religious belief. In the first month of this year there gathered in the Capitol at Albany the first Governor's cabinet that ever sat in this State. It was composed, under my appointment, of two Catholics, thirteen Protestants, and one Jew.

The man closest to me in the administration of the government of the State of New York is he who bears the title of Assistant to the Governor. He had been connected with the Governor's office for thirty years, in subordinate capacities, until I promoted him to the position which makes him the sharer with me of my every thought and hope and ambition in the administration of the State. He is a Protestant, a Republican, and a thirty-second-degree Mason. In my public life I have exemplified that complete separation of Church from State which is the faith of American Catholics to-day.

III

I next come to education. You admit that the Supreme Court guaranteed to Catholics the right to maintain their parochial schools; and you ask me whether they would have so ruled if it had been shown that children in parochial schools were taught that the State should show discrimination between religions, that Protestants should be recognized only as a matter of favor, that they should be intolerant to non-Catholics, and that the laws of the State could be flouted on the ground of the imaginary conflict.

My summary answer is: I and all my children went to a parochial school. I never heard of any such stuff being taught or of anybody who claimed that it was. That any group of Catholics would teach it is unthinkable.

IV

You next challenge the action of the Rota in annulling the Marlborough marriage. You suggest that the Rota by annulling the marriage (where the civil courts recognized it, but granted only a divorce) is interfering with the civil jurisdiction. That might be so if anybody claimed that the decree of the Rota had any effect under the laws of America, or any other nation of the world. But you must know that it has no such effect and that nobody claims it has. The decree merely defined the status of the parties as communicants of the Church. [See footnote.]

Your Church refuses to recognize the ecclesiastical validity of divorces granted by the civil tribunals. Your Church has its tribunals to administer its laws for the government of its members as communicants of your Church. But their decrees have no bearing upon the status of your members as citizens of the United States. There is no difference in that respect between your tribunals and the Rota.

V

Finally you come to Mexico. By inference from the brief of a distinguished lawyer you intimate that it is the purpose of organized Catholics to seek intervention by the United States. Now I never read Mr. Guthrie's brief. I do not have to read it to reply to you, because the Pastoral Letter of the Catholic Episcopate of the United States in unmistakable words disclaimed any such intention. I do not see how, with complete candor, you could write to me about Mexico without quoting the following from that Pastoral Letter:—

'What, therefore, we have written is no call on the faithful here or elsewhere to purely human action. It is no interposition of our influence either as Bishops or as citizens to reach those who possess political power anywhere on earth, and least of all in our own country, to the end that they should intervene with armed force in the internal affairs of Mexico for the protection of the Church. Our duty is done when, by telling the story, we sound a warning to Christian civilization that its foundations are again being attacked and undermined. For the rest, God will bring His will to pass in His own good time and in His own good way.'

My personal attitude, wholly consistent with that of my Church, is that I believe in peace on earth, good will to men, and that no country has a right to interfere in the internal affairs of any other country. I recognize the right of no church to ask armed intervention by this country in the affairs of another, merely for the defense of the rights of a church. But I do recognize the propriety of Church action to request the good offices of this country to help the oppressed of any land, as those good offices have been so often used for the protection of Protestant missionaries in the Orient and the persecuted Jews of eastern Europe.

VI

I summarize my creed as an American Catholic.

I believe in the worship of God according to the faith and practice of the Roman Catholic Church. I recognize no power in the institutions of my Church to interfere with the operations of the Constitution of the United States or the enforcement of the law of the land.

I believe in absolute freedom of conscience for all men and in equality of all churches, all sects, and all beliefs before the law as a matter of right and not as a matter of favor. I believe in the absolute separation of Church and State and in the strict enforcement of the provisions of the Constitution that Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof.

I believe that no tribunal of any church has any power to make any decree of any force in the law of the land, other than to establish the status of its own communicants within its own church.

I believe in the support of the public school as one of the corner stones of American liberty.

I believe in the right of every parent to choose whether his child shall be educated in the public school or in a religious school supported by those of his own faith.

I believe in the principle of noninterference by this country in the internal affairs of other nations and that we should stand steadfastly against any such interference by whomsoever it may be urged.

And I believe in the common brotherhood of man under the common fatherhood of God.

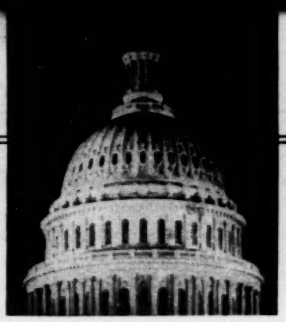
In this spirit I join with fellow Americans of all creeds in a fervent prayer that never again in this land will any public servant be challenged because of the faith in which he has tried to walk humbly with his God.

Very truly yours,

ALFRED E. SMITH

Foregoing is full text of a letter from Mr. Smith which appeared in the May, 1927, issue of the "Atlantic Monthly."

EDITOR'S NOTE: The Sacred Roman Rota is a court of the Roman Catholic Church.



WHY NOT GOVERNOR LAUSCHE?

By David Lawrence

When the United Press last week polled 25 Democratic Governors and 44 Democratic State Chairmen and asked how they would rank Governor Frank J. Lausche of Ohio as the Democratic nominee for President, only two individuals made Lausche their first choice. Most of the others regarded him as a remote possibility.

Yet, logically, considering the normal requirements of national politics, Governor Lausche should be the first choice for the Democratic presidential nomination in 1956. For he is the best vote-getter the Democrats have today. He has proven his prowess at the polls in five elections, winning the Governorship by overwhelming majorities in a usually Republican State.

Governor Lausche, with a 221,000 majority, in 1948 carried Truman on his coattails, and the latter got a 7,000 majority in Ohio, thereby winning the State's bloc of 25 electoral votes over Dewey in that close election.

In 1950, while the late Senator Taft carried Ohio by 431,000, Lausche won the Governorship by 152,000.

Obviously, many Republicans have voted for Lausche for Governor time after time—as, for instance, in 1952 when he carried Ohio against Charles P. Taft, a brother of the late Senator, by a majority of more than 425,000 on the same occasion that Eisenhower carried the State by 500,000. Incidentally, in that election the victorious Lausche ran about 415,000 votes ahead of Adlai Stevenson, the Democratic presidential nominee.

Born of immigrant parents in Cleveland, Ohio, just 60 years ago, Frank Lausche was one of ten children. Much of the responsibility of aiding his mother fell upon his shoulders at the age of 12, when his father, a steelworker from Yugoslavia, and his eldest brother died. Young Lausche was employed for a time as a lamplighter and at other odd jobs. He became a court interpreter. He served in the Army. He played professional baseball. He attended law school at night and at 25 passed the State bar exams second from the top among 160 candidates.

As a judge, mayor of Cleveland and Governor, Frank Lausche has fought organized gambling and always has believed in keeping the government close to the people. He is a courageous and progressive champion of the public interest. He is independent-minded and wears no man's collar.

Governor Lausche has stated publicly that he will not enter the presidential contest. Many observers have wondered if he is reluctant to see the "religious issue" raised again in a presidential campaign. For Lausche is a Catholic. His wife is a Methodist.

Article Six of the Constitution says: "No religious test shall ever be required as a qualification to any office or public trust under the United States."

Is there nevertheless a "religious issue" in American politics? Was it really the cause of the defeat in 1928 of Governor Alfred E. Smith of New York in his bid for the Presidency? Certain States in the South did go Republican in that election for the first time in history, and many politicians assumed it was because of anti-Catholic sentiment.

But today two leaders in Southern States—Senator Russell of Georgia and Governor Shivers of Texas—have both warmly endorsed Lausche for the presidential nomination on the Democratic ticket. Governor Kennon of Louisiana told the United Press last week that Lausche "would make a good Democratic candidate."

The "religious issue" was thoroughly discussed by Governor Smith in an open letter to the *Atlantic Monthly* in May 1927. The full text of his letter—which was prepared after consultation with leading authorities in the Catholic Church on the relationship of church and state—is printed on the four pages preceding this article. It is a historic document and should be studied by all those who wish to know the Catholic answer to an objection sometimes raised.

The American people as a whole really didn't vote against Smith in 1928 on account of the religious issue but voted in favor of Herbert Hoover because of the economic prosperity then prevailing under the Republican Administration of President Coolidge. Smith didn't even carry his own State in the presidential election, and the popular young Franklin D. Roosevelt squeezed in as Governor of New York by the narrow margin of only 25,000 votes, as contrasted with a majority of 247,000 for Smith two years before. That's a clear indication that other issues were controlling in the 1928 election. It was not a good year for the Democrats.

The name of Governor Lausche should be given earnest consideration for 1956. The Democratic Party must not allow itself to be affected by the alleged potency of an outworn "religious issue."

Governor Lausche would poll more Republican votes than any man mentioned thus far for the Democratic nomination, and, if Eisenhower doesn't run, the Ohio Governor would have a better chance than any other Democratic candidate to win the election.

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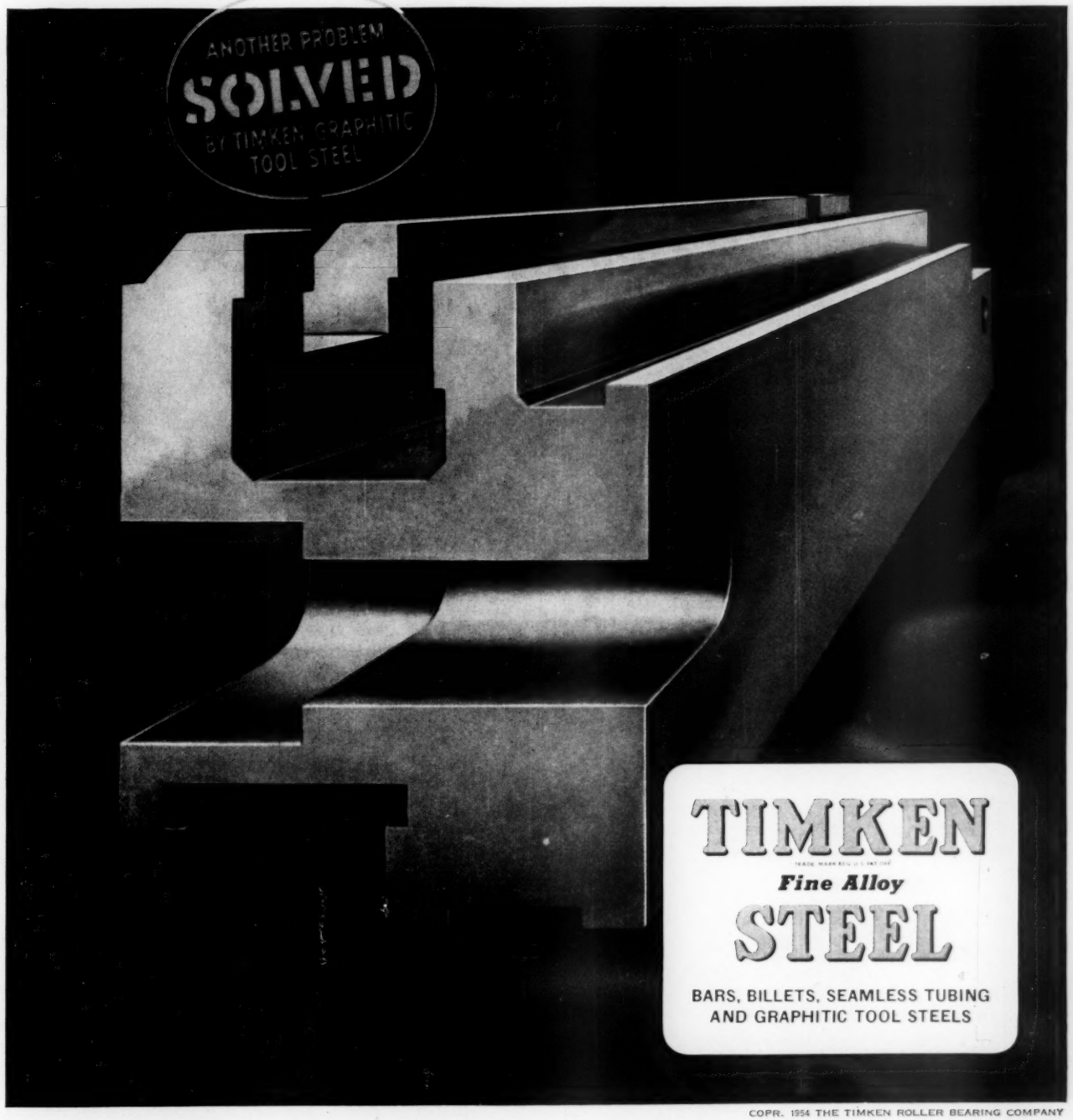

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